



About this report The Tanzania Bankers Association (TBA) Annual Report has been prepared for the period beginning 1st January 2020 to 31st December 2020. It covers the Association's broader activities and highlights the major developments in the banking sector during the year.

CONTENTS

	ABOUT THIS ASSOCIATION	
	Our History	05
U4	Our 25 - year Journey	07
	Our Mission, Vision and Values	08
	Current Membership	09
	Governing Council Members during 2020	10
00	2020 REFLECTIONS	
20	A Note from the Executive Director	21
	Chairman's Report	23
	A review of our strategy	27
	Strategic activities and initiatives	29
	2020 Event Highlights	32
	Banking sector overview	35
	SAFEGUARDING INDUSTRY INTERESTS	
20	Advocacy in times of crisis	39
38	Sustaining stakeholder confidence amidst a global pandemic	42
	Sustaining stakeholder confidence amidst a global pandemic	42
	AUDITED FINANCIAL STATEMENTS	
45	Report of the Office Bearers	47
	Financial Statements	56
可能是以普		











Our History

The financial sector reforms in the 90s ushered in a new dispensation in the banking industry in Tanzania. For an industry that had long operated in a challenging environment, liberalization of the financial sector presented an opportunity for players to unlock their full potential and embark on the exciting journey of growth.

Tanzania Bankers Association (TBA) was born out of a desire by industry players to influence the policy. Founders of the Association understood that continuous engagements and participation in public policy held the key to the industry's sustainable growth.

TBA was first registered in 1995 as an association of banks and financial institutions in Tanzania. In 2012, it changed its legal form and status from an association to a company limited by guarantee.

For close to a decade, TBA has been at the forefront of advancing the industry agenda. It provides a credible voice for the sector, building on the gains made over the years.

The Association has four (4) objectives:-

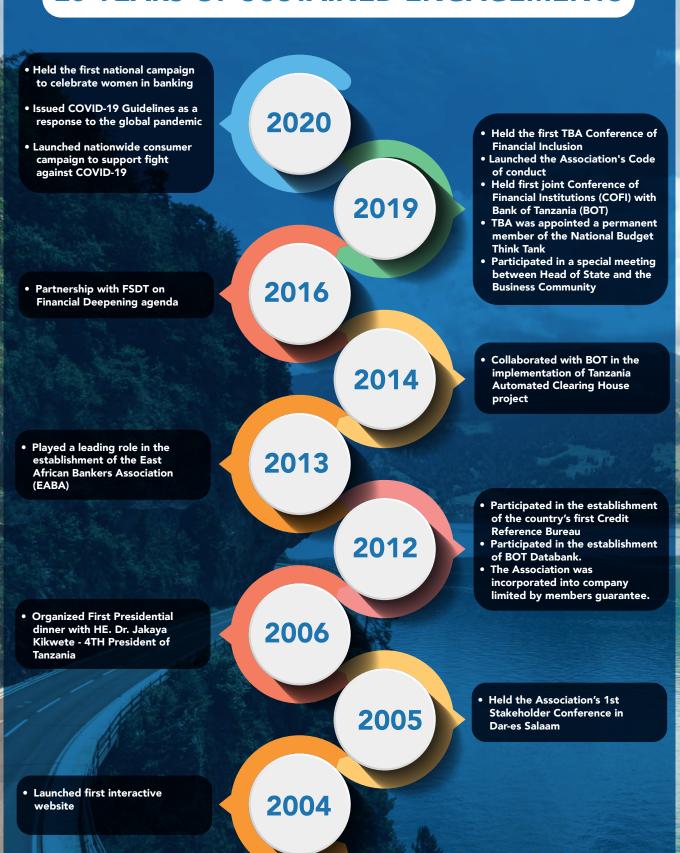
- To bring together members to foster continued collaboration and cooperation in the handling of matters of common interest;
- To develop, maintain and elevate professional standards for the industry and service standards while allowing fair competition and putting customers at the centre of banking services and products;
- 3. Promote the growth of the sector/industry and entire economy to position its members as contributors and facilitators of economic growth; and
- 4. Ensure sustainability of the banking sector and foster growth of the Association as an institution.

Over the years, TBA has continued to champion the interests of its members, leveraging diverse industry expertise amongst its membership. The Association also plays a leading role in driving the financial inclusion agenda working in partnership with the government and other like-minded entities.

For the past 25 years, TBA has achieved tremendous milestones, including earning recognition as a champion for the Sustainable Development Goals (SDGs). Today, the TBA is the for the Tripartite East Africa Payment Scheme mooted by the East African Community (EAC).



25 YEARS OF SUSTAINED ENGAGEMENTS



OUR MISSION

To bring together members of the banking frater- nity in order to have a common voice on matters relating to industry performance and growth, policy and regulations, elevation of professional standards and standards of providing banking services /Engage banking institutions together in researched advocacy and stakeholders' engage- ment in order to promote conducive legislative and regulatory system that take into account the needs and concerns of banking institutions and facilitate financial inclusion

OUR VISION

To be the voice of the banking sector and assist in creating a conducive environment for the sector to contribute to economic development of the country.

OUR VALUES



Past Tba Office Bearers

Past Executive Directors

Dr. E.c. Ndissi

Pascal Kamuzora

Chairman	Vice Chairman	Honorary Treasurer
Ian Mitchell Former Ceo - STANBIC	Shiraz A. Pira Former Ceo - DTB	Ketan Shah
Anthony Singleton Former Ceo - NMB	Farhan Faruqui Former Ceo – CITIBANK	Oran Njeza
Stanley Tsikirayi Former Ceo – SCB	Mark Petchell Former Ceo - BARCLAYS	Oran Njeza
Mayank Malik Former Ceo – CITIBANK	Charles Singili Former Ceo – AZANIA	Evans Maseke
Ben Christiaanse Former Ceo- NMB	Charles Singili Former Ceo - AZANIA	Idd Msonga
Lawrence Mafuru Former Ceo – NBC	Charles Singili Former Ceo - AZANIA	Hezron Masigwa
Lawrence Mafuru Former Ceo - NBC	Yohane Z. Kaduma Former Ceo – COMMERCIAL BANK OF AFRICA	Hezron Msigwa
Dr. Charles Kimei Former Ceo - CRDB	Liz Lloyd Former Ceo - SCB	Frederick Nshekanabo

Current Membership

As at the end of 2020, the TBA membership stood at 43 comprising commercial banks, development banks, community banks regional banks and microfinance institutions:

- 1. Access Bank Tanzania Limited
- 2. Akiba Commercial Bank Limited
- 3. Amana Bank Limited
- 4. Azania Bank Limited
- 5. African Banking Corporation Limited (BancABC)
- 6. Absa Bank Tanzania Limited
- 7. Bank of Africa Tanzania Limited
- 8. Bank of Baroda Tanzania Limited
- 9. Bank of India Tanzania Limited
- 10. Canara Bank (Tanzania) Limited
- 11. Citibank Tanzania Limited
- 12. CRDB Bank Plc
- 13. Community Banks Association
- 14. DCB Commercial Bank Plc
- 15. Diamond Trust Bank Tanzania Limited
- 16. Ecobank Tanzania Limited
- 17. Exim Bank Tanzania Limited
- 18. Equity Bank (T) Limited
- 19. FINCA Microfinance Bank Tanzania Limited
- 20. First National Bank Tanzania Limited
- 21. Habib African Bank Tanzania Limited
- 22. I & M Bank Tanzania Limited
- 23. International Commercial Bank Tanzania

- 24. KCB Bank (Tanzania) Limited
- 25. Kilimanjaro Co-operative Bank Limited
- 26. Letshego Bank Tanzania Limited
- 27. Maendeleo Bank Plc.
- 28. Mwalimu Commercial Bank Plc
- 29. Mkombozi Commercial Bank Plc
- 30. National Bank of Commerce Limited
- 31. NMB Bank Plc
- 32. NCBA Bank Tanzania Limited
- 33. Stanbic Bank Tanzania Limited
- 34. Standard Chartered Bank Tanzania Limited
- 35. People's Bank of Zanzibar Limited
- **36.** Tanzania Agriculture Development Bank Limited
- 37. Tanzania Commercial Bank Plc*
- **38.** Tanzania Mortgage Refinance Company Limited (TMRC)
- 39. TIB Corporate Bank Limited*
- 40. TIB Development Bank Limited
- 41. United Bank for Africa Tanzania Limited
- 42. Umojaswitch Limited
- 43. Yetu Microfinance Bank Plc

^{*} Tanzania Commercial Bank Plc was formed in 2021 following the merger of the former TPB Bank Plc and TIB Corporate Bank Limited.

Office Bearers Members during 2020

The TBA Annual General Meeting elects a Office Bearers comprising 12 officials who represent the members. The officials are responsible for overseeing the Association's operations, programs and the budget of the TBA secretariat. The secretariat is currently chaired by Abdulmajid Nsekela, Group CEO/MD of CRDB Bank Plc.

S/No	Name	Bank	Role
1	Abdulmajid M. Nsekela	CRDB Bank Plc	Chairman
2	Sanjay C. Rughani	Standard Chartered Bank (T) Limited	Vice Chairman
3	Ruth Zaipuna	NMB Bank Plc	Member
4	Theobald Sabi	National Bank of Commerce	Member
5	Abdi Mohamed	ABSA Bank (T) Limited	Member
6	Geofrey Mchangila	Citibank (T) Limited	Member
7	Godfrey Ndalahwa	DCB Bank Plc	Member
8	Sabasaba K. Moshingi	Tanzania Commercial Bank Plc	Member
9	Warren Adams	First National Bank (T) Limited	Member
10	Mwanahiba Mzee	Ecobank (T) Limited	Member
11	Dr. Ibrahim Mwangalaba	Maendeleo Bank Plc	Member
12	Viju Cherian	Diamond Trust Bank (T) Limited	Member
13	Tusekelege M. Joune	TBA Secretariat	Secretary

Standing Committees of the Office Bearers

TBA's Office Bearers is comprised of nine (9) Standing Committees, which provide strategic counsel on issues relevant their areas of specialisation. During 2020, the TBA Office Bearers had a total of 9 committees and two sub-committees as listed in the table below:

S/No	Committee Name	Chairperson
1	Risk and Compliance	CRDB Bank Plc
2	Legal	Citibank Tanzania Limited
3	Human Resource	Standard Chartered Bank
4	Tax and Finance	NMB Bank Plc
5	Credit Committee	Diamond Trust Bank
	- Islamic Banking	Amana Bank Limited
	- Mortgage	Bank of Africa
6	Financial Markets	ABSA Bank Limited
7	Payments and ICT	NMB Bank Plc
8	Research/Financial Deepening/ PR	National Bank of Commerce Limited
9.	Lobbying and Advocacy	TBA Chairman

Governing Council



Abdulmajid Mussa Nsekela Chairman

Abdulmajid Mussa Nsekela is the Group CEO of Tanzania's CRDB Bank Plc. Nsekela joined CRDB Bank in 2018, after more than a decade of service at National Microfinance Bank Plc.

Before the role, Nsekela served as Chief/Head of Retail Banking at NMB Bank Plc and in other leadership positions at the bank, including as Head of Personal Banking and as Senior Manager, Personal Banking. Nsekela's career in Banking spans over twenty (20) years, covering Retail Banking, Corporate Banking, Branch Operations and Control Functions. He has immense experience in Strategic Management, Transformational Leadership and Business Turnaround Strategy.

Alongside his current responsibilities, Nsekela serves as a council member of the Tanzania National Business Council (TNBC) and the Tanzania Financial Inclusion National Council. He is an esteemed member of the boards of the Tanzania Private Sector Foundation (TPSF) and Tanzania Mortgage Refinance Company Limited (TMRC).

Nsekela holds a Master's Degree in Business Administration majoring in International Banking and Finance (MBA-IBF) and a Post Graduate Diploma in Business Administration from Birmingham University.

He has also attended Executive Development and Leadership program; Authentic Leader Development at Harvard Business School in Boston, Leadership and Diversity for Innovation Program at Wharton School of the University of Pennsylvania as well as Leadership Program in Management at Gordon Institute of Business Science from the University of Pretoria. He is also an alumnus of the Institute of Finance Management (IFM) with a speciality in Banking Finance



Sanjay Rughani Vice Chairman

Sanjay joined Standard Charted Bank in Tanzania in 1999 as Manager, Business Finance and Support, where he served until 2001 when he took up the role of Regional Finance Manager Africa on international assignment in the UK. Over the years, Sanjay has held senior roles in multiple markets across the Bank, key among them are Finance Director for Standard Chartered Bank Tanzania and Executive Director, Finance in Ghana including Area CFO for Ghana, Gambia, Sierra Leone and Cote d' Ivoire. Until his appointment as CEO, Sanjay was the Head FSSC (interim) for India, as well as Head, Finance Operations & Change Management for Africa.

Sanjay is recognized with driving significant business transformation in his role as the CEO, he has also won a few significant accolades for his position and through his strong leadership representation with different important thought leadership forums. He is credited with enhancing business performance, building and optimizing on human capital, championing responsible business and sustainability, driving digital integration and innovation and being a force for good for national and global prosperity.

In addition to his role, Sanjay is currently Chairman of Professional Accountants in Business Committee (PAIB) of International Federation of Accountants (IFAC), Chairman of CEO Roundtable Tanzania, Deputy Chairman of Tanzania Bankers Association (TBA), Executive member of Tanzania National Business Council (TNBC) and Director of Association of Tanzanian Employers. His past key governance representations include being Non-Executive Director for Standard Chartered Bank Uganda, President of Lincoln Community School (International School in Ghana), Chairman of Ghana Business Coalition against HIV & AIDS (GBCA), Director Tanzania Private Sector Foundation and Founder member of FSSC forum in Kenya.

He is a Tanzanian national. Sanjay is married and has two children (a boy and a girl)



Ibrahim Mwangalaba Member

Ibrahim Mwangalaba is Managing Director, Secretary & Executive Director at Maendeleo Bank PLC. He is also Member of Institute of Directors in Tanzania Plc, Member of The Tanzania Institute of Bankers and Member-Marketing Association at the University of Dar-Es-Salaam and currently member of the governing council of Tanzania Bankers Association.

In his past career he held the position of Head-Operations & Technology at KCB Tanzania Ltd.

Ibrahim Mwangalaba received an MBA and an undergraduate degree from the University of Dar-Es-Salaam.



Abdi Mohamed Member

Abdi Mohamed is the Managing Director of Absa Bank, Tanzania. Mohamed joined the bank in April 2016. Before joining ABSA (the Barclays Bank), Mohamed served as Chief Operating Officer (COO) at Barclays Bank Kenya. Earlier in his career, Mohamed served the bank in various senior roles in Kenya, Zambia and the United Kingdom.

He has a wealth of experience across markets and product areas, including retail, corporate banking and operations. Outside of his professional pursuits, Mohamed is an avid fitness enthusiast and has a keen interest in reading about personal growth and development.

He holds a Masters Degree in Business Administration (MBA) from Edith Cowan University in Perth Australia.





Theobald M. Sabi Member

Theobald joined NBC from Standard Chartered Bank (T) Ltd, where he was heading the Corporate Banking department. He is a holder of a BSC (Hons) in Electrical Engineering from the University of Dar Es Salaam, and is a Certified Chartered Accountant (ACCA). He is also a Fellow of the Association of Chartered Accountants (FCCA). Theobald has more than 19 years of professional banking experience covering Finance and Corporate banking. He brings with him a demonstrated wealth of experience and ideal knowledge on all matters related to Corporate Banking, Tanzanian market dynamics and Leadership.

Warren Adams Member

Warren joined FNB in 1988 and has enjoyed a diverse career, including a number of years involved in FNB's African Subsidiaries. Warren worked in FNB Botswana between 2002 and 2005 and more recently, spent four years as the CEO of FNB Mozambique and is currently CEO of FNB Tanzania.

He is currently responsible for the growth, performance, and strategy of the Business Segment across all the countries where FNB has a presence outside of South Africa.

Warren holds a Bachelor of Commerce Degree and a Master of Business Leadership Degree, both from the University of South Africa.





Sabasaba Kitewita Moshingi Member

Sabasaba Moshingi is the Chief Executive Officer (CEO) of TPB bank PLC. He joined the Bank in 2011. Prior to the role, Moshingi served as Regional Head of Consumer Banking Operational Risk and Sales Governance for Standard Chartered Bank from 2007 in Northern Gulf, Levant and Oman - based in the Kingdom of Bahrain.

Moshingi is a Board Member and Group Vice President - Presidents Committee of the World Savings and Retail Banking Institute (WSBI Headquartered in Brussels, Belgium), Governing Council Member and Representative in East African Community of the Tanzania Bankers Association, Governing Council Member and Chairman Education Committee of the Tanzania Institute of Bankers, Board Member of the Association of Savings Banks of East Africa, Board Member and Chairman of the UmojaSwitch, Board Member Association of Tanzania Employers (ATE), an Advisory Board Member of AIESEC Tanzania and an Eisenhower Fellow.

Moshingi is a certified chartered banker with a Master of Business Administration degree (Finance) from the University of Dar-es-Salaam.

Geofrey Mchangila Member

Geofrey Daniel Mchangila is the CCO & CEO for Citibank Tanzania Limited. Mchangila has over 18 years of banking and financial services experience across East and central Africa. Over the years, Mchangila has demonstrated a strong reputation and trusted leadership serving at Citibank

Before his current CCO role, Mchangila served as Markets Head & Treasurer, responsible for Citibank Zambia and Tanzania based in Lusaka. He held several senior positions at Citi East Africa sub-cluster, including as Head of Trading for Citibank N.A. Kenya, Markets Head for Citibank Tanzania Limited, Markets Head & Treasurer for Citibank Zambia Limited.

Mchangila is accredited with spearheading compliance to both global and local regulatory expectations concerning prudent balance sheet management and has played a key role in abetting foreign investors access local Markets in Citi East Africa sub-cluster .

Mchangila also serves as the Board Chairman and President of American Chamber of Commerce Tanzania and he holds MSc in Finance from Strathclyde University, Scotland.





Godfrey Ndalahwa Member

With over nineteen years of professional experience in the fields of accounting, banking and Finance, Mr. Ndalahwa is a seasoned executive with a track record of contributing to corporate turnarounds and the achievement of business growth. A proven financial and operations strategist with a wealth of experience, he brings to the table a strong business acumen, strategic mindset, a unique perspective, and positive leadership.

He has held several senior management level positions in both local and international organizations. He is currently the Managing Director of DCB Commercial Bank Plc. Prior to this he worked for KCB Bank Tanzania as Head of Finance and Ag. Managing Director. He also worked as a Non- Executive Director at KCB Burundi. Mr. Ndalahwa also worked as Head of Internal Audit and later as the Finance Manager at Barclays Tanzania, where after he joined NBC Bank and was the Strategy and Revenue Manager and Later Ag. Chief finance officer.

Mr. Ndalahwa is a Certified Public Accountant (CPA (T)) registered with the National Board of Accountants and Auditors (NBAA-Tanzania). He is an Alumni of both the University of Dar es Salaam and Gordon Institute of Business and Science, University of Pretoria. Holding a Bachelor of Commerce in Accountancy and the Certificate in Leadership Development, respectively.

Ruth Zaipuna Member

Ruth Zaipuna is the Chief Executive Officer (CEO) of NMB Bank Plc. Zaipuna is responsible for driving the Bank's corporate strategy to deliver sustainable business growth.

Zaipuna started her career in 2002 at PricewaterhouseCoopers (PwC) where for a decade she specialized in the audit of banks and other financial institutions. At PwC, Ruth rose through the ranks to the level of Associate Director. Ruth demonstrated great professionalism and technical ability in her work and she was entrusted to lead some of the firm's most complex assignments.

Ruth left the firm in August 2011 to take up the position of Executive Director Finance and Chief Financial Officer at Standard Chartered Bank. In July 2017, she took on additional responsibilities combining her role in Tanzania with that of Business Finance Lead for the East African cluster, overseeing and leading the Bank's business finance activities in Tanzania, Kenya, and Uganda.

Ruth joined NMB Bank from Standard Chartered Bank as Chief Financial Officer in June 2018. She was appointed to act in the CEO role in October 2019 and was confirmed in the position in August 2020.

Ruth is an Associate Certified Public Accountant (ACPA (T)). She holds a Master of Business Administration (MBA) in Finance and a Bachelor of Commerce (B.Com) degree in Accounting, both from the University of Dar es Salaam. She is also an Independent Non-Executive Director for Tanzania Portland Cement Company Limited (TPCC), the leading cement producing company in Tanzania and listed on the Dar es Salaam Stock Exchange.



Mwanahiba Mzee Member

Mwanahiba Mzee is the Head of Projects at Ecobank Tanzania. She joined Ecobank in July 2017 and has been instrumental in guiding the bank to deliver on its strategic objectives.

As Head of Projects, CESA, Mwanahiba is responsible for coordinating and monitoring the implementation of Strategic Projects including Digital, Cost optimization, Risk, and Compliance to Regulations across 18 markets on the continent.

Before this role, she served as Managing Director (MD) Ecobank Tanzania (between July 2017 to March 2020). Her major achievements include enabling 3.5 times growth in accounts base, 40% OPEX reduction, Improved regulatory compliance and improved stakeholder relations.

Between March 2016 and June 2017, Mwanahiba served as Director, Business Development at Azania Bank. She was responsible for determining and implementation of the long-term strategic objectives.

Earlier in her career, she served in various functional positions at Bank of Africa (BOA) including as Head of Risk & Compliance, Head of Retail Banking (Jan 2012 – Feb 2016) Head of Retail Liabilities, EA; Head of Retail Products; Head, Operational Risk Management; GM Personal Loans; Project Manager, Mortgage.

Before joining BOA, Mwanahiba served as GM, SME at Standard Chartered Bank (SCB) between June 2004 and Jan 2012). Earlier, she had worked as Senior Manager Corporate Services, Senior Relationship Manager, Relationship Manager, Credit Analyst – Stanbic (Jan 1998 – April 2004).

Office Bearers





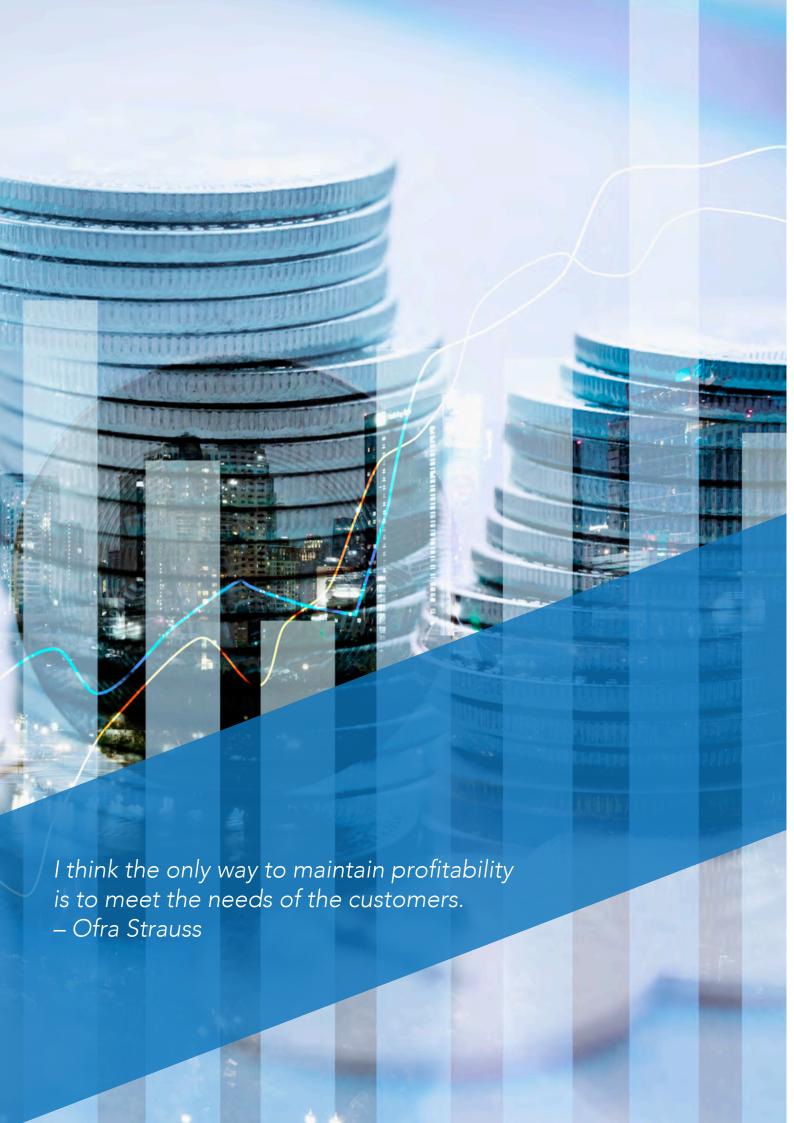
Abdulmajid Mussa Nsekela Chairman

Sanjay Rughani Vice Chairman



Tusekelege Joune
Executive Director

Frederick Nshekanabo Honorary Treasurer





A Note from the **Executive Director**

The year 2020 presented unique challenges for the banking industry in Tanzania. Like in many other markets, the Tanzanian banking sector faced a tumultuous time in the wake of the COVID-19 pandemic but remained resilient to the tail-end. By the close of the year, the industry had weathered the storm, posting strong & adequate liquidity and sufficient capital positions that continue to carry the rest of the economy through the devastating effects of the pandemic.

Generally, the COVID-19 pandemic disrupted supply chains, altered budget considerations and impaired credit repayments. A disruption in the global supply chains also meant a dip in various incomes as trade declined because of reduced business activities. Luckily for the Tanzanian market, the government's decision to keep the economy open provided substantial relief to smallholder businesses and the local value chains, keeping them afloat at the height of the crisis.

But perhaps a unique challenge was in ensuring the health safety for both employees and customers in the context of the guidelines issued by the authorities to combat the pandemic. I am glad that our members quickly adjusted to the challenging times by applying innovations that ensured continuity of service. More importantly, there was genuine effort across the industry to comply with the Ministry of Health's guidelines, which required additional investments in providing hygiene amenities such as handwashing stations at banks' premises and hand sanitizers at various touchpoints.



In implementing safe working environments through social distancing, the sector – learning from other markets – successfully implemented work-from-home arrangements, alongside the adoption of web-based collaboration technologies for meetings, to reduce human contact. These efforts allowed for continuity during the crisis. As an association, we are happy that our members supported the various efforts by stakeholders to mitigate the full impact of the pandemic.

In playing its advocacy role, the Association focused on helping members navigate the challenges of the pandemic while staying true to the call of duty to efficiently serving the customers. Strategically, we scaled engagements to gain a deeper understanding of the unique challenges that our members faced and provided a forum for knowledge sharing and peer learning. We also provided a credible voice with which members could engage the regulator and other government agencies on pertinent matters affecting the industry.

Our approach in handling the crisis was anchored in the knowledge that the world was facing an unprecedented crisis that no company anticipated.

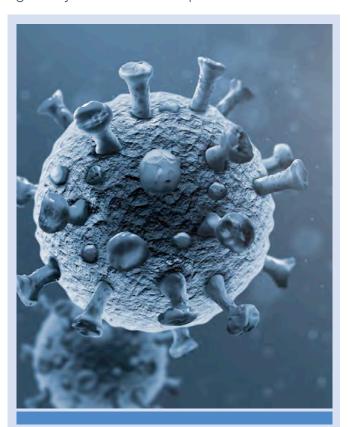
I am glad that the efforts paid off, culminating in the roll-out of mitigation measures to cushion customers and sector players.

The deployment of the mitigation measures, alongside the aggressive health interventions, moderated the adverse effects of the pandemic on the economy.

Without a doubt, commercial banks played an essential role in lessening the adverse effects of the pandemic through the accommodation offered to enterprises and households that supported their liquidity positions. For the Tanzanian economy, besides exposing the vulnerabilities of the different segments of the economy, the pandemic highlighted the crucial role of the banking sector in supporting economic activity.

Amidst the protracted pandemic and the consequent uncertainty, the banking sector players continue to review and enhance their business models seeking to leverage frameworks that promise efficiency gains through the adoption of innovations. Cognizant of the growing competition

in the market, increasing sophistication of customer expectations, as well the dynamism in the regulatory environment, the overarching challenge to the industry is to continue investing resources in remaining at the frontier of both regulatory and customer expectations.



The various reform initiatives implemented over the years have significantly enhanced the strength and resiliency of the financial system and banks in the country. It, in turn, has enabled them to play a constructive role in providing financing, facilitating access to capital and supporting the functioning of the economy during the pandemic. It has also allowed financial service providers to remain open and functioning during this extraordinary time of the COVID-19 health crisis, which has helped maintain economic stability and market confidence. Tanzania Bankers Association remains committed to steering the industry toward prosperity, learning from successful models elsewhere.



Tusekelege JouneExecutive Director

Chairman's Report

Given an opportunity to describe 2020, many would agree that it was an incredibly challenging one. The ravages of the COVID - 19 pandemic posed unprecedented challenges for all businesses and households alike. For Tanzania, the pandemic brought to the fore the vulnerabilities of the country's economy to momentary macroeconomic factors.

The global and domestic economies continue to face the unprecedented and evolving negative effect of the COVID-19 pandemic. Against this backdrop, there is an apparent focus on the impact of the pandemic on the banking industry, more so with the sector's central role as an engine to drive all other sectors' economic activities.

COVID-19 has created setbacks in Tanzania's banking sector since its dawn in late March 2020. However, with the BOTs effective monetary policy, mitigating measures and a staggered return to normalcy, the banking sector is slowly recovering with positive prospects within the horizon.

In retrospect, the magnitude of the downturn in economic activity that followed the COVID-19 outbreak in the country was substantial and disrupted the momentum that the industry had picked up, following a recovery in the previous year. Shockwaves from the pandemic hit home in the 2nd and 3rd quarters of the year. It meant immediate readjustments for most banks to adapt to radical changes in the marketplace.

By and large, the business environment suffered adversely impacted by global events spinning from the outbreak of the novel coronavirus. The mitigating developments against the effects of the pandemic included the deployment of a wide range of policies and measures to cushion households and enterprises and encourage credit growth.



Adapting to the challenging times

Based on Bank of Tanzania (BOT) data, commercial banks had enough capital reserves to withstand financial difficulties brought by COVID-19. The regulator sustained an accommodative monetary policy and enhanced liquidity easing measures to shield the economy from the effects of COVID-19. Commercial banks responded to the BOT's relief measures by offering relief packages such as moratoriums and loan restructuring. However, the issue of NPLs led to the deterioration of customerbank relationships. Bank deposits also witnessed a shortfall as businesses engaged in import and export struggled to maintain operations amidst the COVID-19 countermeasures. The transportation, tourism and hospitality industry also suffered hurdles occasioned by the reduced and limited inflow of goods and people. On the upside, some banks strived and managed to increase their net profit.

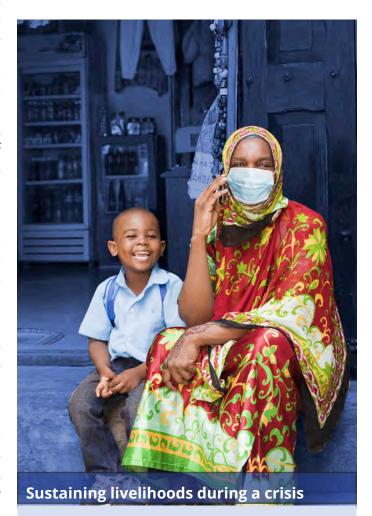
Financial system strength and resilience

While global markets have become accustomed to economic shocks over the past century, the COVID-19 pandemic crisis was different in one material respect – it stemmed from a global health crisis that quickly morphed into an economic crisis.

The combined force of these crises was unprecedented in many ways because it has severely impacted markets and individuals globally. Millions of people lost their jobs as businesses ran into financial headwinds. Smaller enterprises were, in particular, crippled by low or no revenue. On the other hand, governments struggled to meet the health care needs while facing significant shortfalls in tax revenues. Healthcare systems in many countries were also severely stretched in meeting patient needs.

Without a doubt, the regulatory reform measures implemented over the past few years came in handy in ensuring the financial system is well-prepared to withstand such turbulence and volatility. Over time, capital and liquidity positions have strengthened and, counterparty credit risk has been reduced and mitigated through stringent measures. This enhanced resilience has supported banks' ability to provide credit and financial intermediation to the real economy during the crisis. Banks were able to absorb and manage, rather than amplify, the economic shock precipitated by the global COVID-19 pandemic.

Throughout the crisis, our members remained open and functioning, which helped provide stability and confidence. Notably, the swift and decisive actions of BOT were critical in stabilizing the industry. The liquidity support measures and regulatory adjustments played a crucial role in mitigating the economic fallout from the pandemic, and banks have collaborated efficiently in optimizing the effectiveness of these measures



The pandemic experience has demonstrated how banks serve both households and businesses by effectively and efficiently channelling credit into the economy. Indeed, banks have become an indispensable pillar in supporting the economy. With significant disruptions such as the pandemic, business revenues fall and; both households and businesses seek out rapidly available sources of funding and a safe and stable environment for deposits amid heightened uncertainty.

Tanzania's unconventional response to the COVID-19 pandemic bestowed a challenging task on commercial banks, which had to shoulder the burden for most businesses and households. The swift responses by banks in implementing the mitigation measures instituted by the BOT provided the much-needed relief hence the continuity. But of importance is the banks; readiness to play a leading role in combating the pandemic by adhering to the health guidelines and championing health safety campaigns in conjunction with other stakeholders.

Advocacy in times of uncertainty

Despite the raging effects of the pandemic, financial service sector players maintained a steadfast approach in advancing the industry agenda throughout 2020. Tanzania Bankers Association (TBA) - acting as the industry's chief advocate - played a crucial role in rallying members toward a unified approach in dealing with pandemic-related challenges. Through rigorous engagements, the Association - drawing from its diverse pool of expertise - provided counsel to the regulator and other government agencies on the strategies to safeguard the economy to ensure continuity. As a member of the National Think Tank, the Association provided the much-needed perspective in the policy formulation front.

Key sector developments

Despite a marginal decline in growth in 2020 occasioned by the COVID-19, the banking sector remained resilient, registering a 4.1% growth in the year. BOT continued to take a series of policy measures to bolster the banking sector, including cutting the discount rate from 7.0% to 5.0% and reducing the statutory minimum reserves (SMR) requirement from 7.0% to 6.0% in June 2020, to support the increase in market liquidity.

The regulator also focused on tightening up banking supervision and encouraging industry consolidation to enhance stability and operating efficiency. The sector will likely sustain its growth trajectory supported by policy, prudential and regulatory measures undertaken by the BOT towards improving the business environment and efficiency in financial services delivery. Digital banking services will also continue to expand, driven by increasing financial inclusion and mobile penetration rate.

Notable changes in the sector

During the 2020 financial year, the banking sector continued to experience consolidation driven by regulatory compliance. After a peak of 59 banks in 2017, the number has steadily declined, dropping to 53 in 2018, 51 in 2019 and 49 in 2020. The year saw the birth of NCBA Bank Tanzania, which birthed out of a merger between NIC Tanzania and the Commercial Bank of Africa in June. The new entity, NCBA Bank Tanzania, began operations in July 2020 as a Tier 2 lender. In the same month, TPB Bank Plc joined the tier 1 category with TZS 1 trilion in assets following its third acquisition in recent years of TIB Corporate Bank.

At the tail end of July 2020, BOT licensed Mwanga Hakika Microfinance Bank (MHB) following the merger between Mwanga Community Bank (MCBL), Hakika Microfinance Bank (HK MFB), and EFC Microfinance Bank. The new entity received approval in January 2020.

In November 2020, KCB Group Plc signed an agreement with London-listed financial services firm Atlas Mara Limited and TDFL to purchase the issued share capital of BancABC (Tanzania). During the same month, BOT took over the management of China Commercial Bank and placed it under statutory administration following the institution's failure to meet capital adequacy requirements and inability to affect the restoration of capital to the required levels.

In Q4 2020, Arise, an African investment company in Sub -Saharan Africa, acquired a 34.9% shareholding previously owned by Rabobank in NMB Bank Plc. Subsequently, CMSA approved the transfer of 174.5m NMB Bank Plc shares owned by Rabobank to Arise in December 2020 - a process completed on December 31, 2020.

Meanwhile, In February 2020, then Barclays Bank Tanzania, a subsidiary of Absa Group, officially rebranded and changed its legal name to Absa Bank Tanzania upon approval from the regulator.



Future outlook

Tanzania's banking sector remains stable and resilient, as banks have more than adequate capital buffers and liquidity. The ability of individual banks to quickly capitalize on alternative channels such as agency, mobile and internet banking has strengthened accessibility of banking and related services and further helped to cater for the needs of customers.

Fintech, mobile penetration, digital and mobile banking are expanding rapidly, attracting more people into the formal financial system further improving the sector prospects. With less than 40% of the adult population owning a bank account (individually or jointly) at a bank or another financial institution, there is substantial room for expansion.

Strategically, the sustained commitment and support by the industry regulator, including the provision of supportive infrastructure, and guidelines continue to improve the functioning of the sector.

Mr. Abdulmajid Mussa Nsekela

Chairman

Date: 22nd December 2021

A review of our strategy

Tanzania Bankers Association is committed to playing a leading role in growing the financial services sector in Tanzania and the region. Since its establishment in 1995, the body has remained steadfast in advancing a progressive agenda for the industry, steering its members through extraordinary times.

Over the past two years, the TBA's influence in the financial services space has substantially expanded, growing from its sustained efforts to provide professional counsel and support the broad national agenda of safeguarding the economy by ensuring a robust financial services sector.

To achieve this, TBA relies on a salient strategy that focuses on fostering collaboration and leveraging the expertise available amongst its membership to support the growth in the sector.



In the medium term, TBA envisages being a catalyst for transforming the financial services sector in East Africa and the larger Southern African Development Community (SADC).



In the long term, the body envisions being at the forefront of driving change in the sector and anticipates playing a more central role in fostering the adoption of a digital economy in the region.

Catalyzing transformation of the financial services sector

The world is becoming more interconnected, and the constant movement of ideas and more compact implementation cycles result in actions having a shorter time to completion. With the rise of new competitors and new banking models, banks that are not willing to reshape their portfolios and improve their brand awareness using the instruments already at their disposal are going to find themselves stripped of their customer base faster than ever before.

TBA has invested in empowering its members to take advantage of emerging opportunities and confront challenges in setting priorities and how to use available offerings to initiate and reap the benefits from critical business transformations.

Over the past few years, the body has been implementing programs designed to support its members anticipate change and preparing for it. The Association is proactive in developing guidelines, case studies and strategic engagements with key players in the market.





TBA women event in March 2020

Fostering the development of a digital economy

Africa has the opportunity to harness the digital economy as a driver of growth and innovation. With substantial penetration of mobile phones and the internet, there is an opportunity for the continent to unlock new pathways for rapid economic growth, innovation, job creation and access to services.

One of the most visible effects of technology is a revolution in how we pay for goods and services and transact with each other. From cash and cheques, transactions have rapidly transitioned into real-time transfers, contactless payments and app-based banking. The rapid changes taking place in the marketplace require that banks establish their place on the digital economy.

TBA understands the importance of engaging its members in preparing for this transformation and works with stakeholders to facilitate engagements and learnings to ensure the banking industry adequately responds to the market changes.

Driving the sustainability agenda

Enterprises that build environmental, social and governance (ESG) plans, especially ones that outline a clear strategy around climate change, are gaining a reputation as sustainability powerhouses. Besides the potential climate risk facing enterprises, there is an urgent need for banks to prepare themselves to advise and provide solutions and services to help clients better adjust to the transition to a low carbon economy.

TBA has committed to supporting its members in embedding environmental, social and governance (ESG) into their strategies. We recognize that moving towards a low-carbon economy will likely create additional complexities for financial services firms and that the industry may be ill-prepared for the types of prudential and conduct risks that could arise. The Association works closely with experts and other stakeholders to help its members build robust ESG credentials.

Strategic activities and initiatives

Despite the challenges brought about by the COVID-19 pandemic, Tanzania Bankers Association achieved tremendous milestones in line with the annual goals set during the last Annual General Meeting (AGM). A key highlight of the year was the successful engagement with the Bank of Tanzania on strategic interventions to mitigate the full impact of the COVID-19 crisis. Additionally, there were significant gains made in relation to advancing consumer education and the financial sector deepening programs.

In delivering value for its members, TBA leveraged collaboration opportunities and partnerships to drive programs in line with its broad mandate to shape the development of the industry in this rapidly evolving global environment. The Associations scaled engagements across the spectrum to build synergies to sustain growth.

Key activities;

1. Participation in the development of consumer protection guidelines

As part of the commitment to establish and maintain standards for the industry, the association helped develop consumer protection guidelines as part of the progressive efforts to transform the sector. The guidelines provide a roadmap for financial service providers to adopt policies and a mechanism for ensuring financial consumer protection. The guidelines are in line with BOT's Financial Consumer Protection Regulations, which require that every financial service provider have a structure of governance that ensures effective implementation of consumer protection. The Regulations also provide for non-discrimination of consumers and the need for financial service providers to adopt transparent consumer contracts with fair terms and establish complaints handling and redress mechanisms.



A special Office Bearers meeting to discuss different actions which banks can take in fighting the current corona virus pandemic. The meeting was attended by the former Deputy minister of Health and Social Welfare, Hon. Dr Faustine Ndugulile and Bank of Tanzania.

2. Consumer education on digital banking and alternative channels

Financial literacy remains an important topic, both from the perspective of the financial well-being of individuals and the stability of the financial services sector and the economy. The more financially literate a bank's customers are, the more frequently and consciously they use financial products and services. Tanzania Bankers Association recognizes the value of personal financial literacy, especially in today's era of global integration of financial markets.

Today, more than ever before, financial markets have become more sophisticated interconnected. Broader participation in financial markets, innovation in the financial sector, and changes in consumer needs and preferences have led to evergreater personal responsibility for financial decisions. TBA believes that banks are in a unique position to drive financial education programs because they earn profits from higher levels of financial literacy, which results in greater use of financial products.

During the 2020 FY, the association, in driving its commitment to foster growth in the sector, continued to spearhead consumer education programs focusing on alternative distribution channels. The latter was made even more critical by the pandemic following the health guidelines issued at the height of the health crisis.

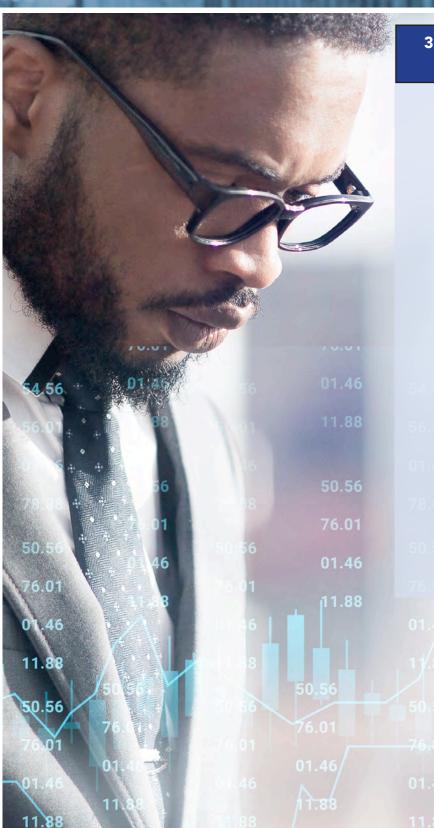
Through an education campaign, the Association in partnership with global payments solutions provider VISA, set out to to promote the use of self-service channels and consideration of electronic payments. The campaign, which was adopted by all 43 members of the Association was themed "Kuwa Smati Jisevie", loosely translated as 'Be Smart Go Cashless'.

The association played a leading role in championing the adoption of digital banking solutions as alternative banking channels in response to the social distancing guidelines. The association understood that digital banking options presented a unique opportunity to propagate cashless transactions.



Tanzania Bankers Association (TBA) Chairman, Abdulmajid Nsekela (centre) swaps a bank card to launch a campaign dubbed 'Kuwa Smati Jisevie' aimed at promoting cashless payments in Tanzania. Looking on are TBA Executive Director, Tusekelege Joune (right) and Exim Bank's

Chief Executive Officer, Jaffari Matundu (left).



50.56

56.0

01.46

3. Supporting efforts to streamline forex operations

In the recent past, the Bank of Tanzania (BOT) has stepped up its supervision of foreign exchange operations with regulations to foster macroeconomic stability and safeguard the financial system in the country. In 2019, the regulator issued directives to ensure that all foreign exchange dealers conduct their operations in a regulated manner. The development followed a crackdown on irregularities in the foreign exchange sector in 2019, which led to the suspension of several bureaux de change operations and the subsequent passing of the Foreign Exchange (Bureau De Change) Regulations of 2019.

During the 2020 financial year, TBA continued to engage with the regulator on issues of foreign exchange operations with a view of striking a balance in the interest matrix between the sector players and the regulator. The engagement culminated in the concurrence by the regulator to allow commercial banks to repatriate forex on behalf of the central bank.

2020 EVENT HIGHLIGHTS













Banking sector overview

Despite the slowdown in growth in 2020 because of the COVID-19 pandemic, the banking industry remained resilient, posting a 4.1% growth. Analysts believe the sector will continue growing, supported by policy, prudential and regulatory measures by the BOT, towards improving the business environment and efficiency in financial services delivery.

Consolidation

As of 31 December 2020, the Tanzania Banking Sector had 53 registered and licensed bank and non-bank financial institutions. The Bank of Tanzania (BOT) continues to tighten banking supervision and has, in recent years, encouraged industry consolidation to enhance its stability and operating efficiency.

There have been several reasons behind M&A between banks in Tanzania. The recent changes in the operating and regulatory environment, expansion, diversifications and the need to achieve synergies continue to inform the recent M&As.

Sector Balance sheet

During the year under review, total loans, advances and overdrafts increased by 3.9% in 2020, aligning with the growth in total assets, compared to the 12.5% increase recorded in 2019. On liabilities and shareholder funds, customer deposits grew 3.4% in 2020 compared to 8.9% in 2019, while shareholder funds grew by 8.7% in 2020 compared to a 10.7% increase in 2019.

Composition of banking sector assets includes loans, advances and overdrafts (54.1%), investment in government and debt securities (17.1%), other assets (12.8%), cash, balance with banks and items for clearing (10.8%) and balance with other banks (5.2%) of total assets.

Table 1: Snapshot of the banking sect	or balance sheet				
Amounts in TZS million	2016	2017	2018	2019	2020
Cash and Balances with BoT	3 800 339	4 321 139	3 950 342	3 909 395	3 611 846
Balances w/other banks	1 858 142	1 865 518	2 264 523	1 546 443	1 757 225
Investment in Government & Debt Securities	4 070 326	5 607 657	4 561 920	5 020 321	5 722 189
Loans, Advances & Overdrafts (net)	15 216 010	15 036 078	15 484 719	17 427 978	18 112 480
Other assets	2 367 372	2 682 362	3 102 416	4 270 492	4 301 773
Total Assets	27 312 189	29 512 754	29 363 920	32 174 630	33 505 512
Customer deposits	19 177 500	20 342 139	20 592 661	22 426 771	23 181 917
Deposits from other banks	1 639 479	1 621 257	1 610 375	1 213 984	1 307 699
Other Liabilities	2 261 011	2 973 388	2 796 897	3 703 016	3 765 650
Total Liabilities	23 077 990	24 936 784	24 999 933	27 343 772	28 255 266
Paid up share capital	1 570 782	1 790 874	1 745 264	1 754 687	1 829 784
Retained Earnings	1 260 239	1 416 665	1 466 538	1 700 592	1 835 502
Profit & Loss Account	259 005	169 189	189 741	275 252	397 030
Others	1 144 175	1 199 241	962 442	1 100 323	1 187 928
Total Shareholders Funds	4 234 200	4 575 970	4 363 985	4 830 854	5 250 244
Total Liabilities and Shareholders Funds	27 312 190	29 512 754	29 363 919	32 174 626	33 505 510

Source: Analysis by Ernst and Young,

Sector Income Statement

According to an analysis by Ernst and Young, profitability remained strong despite changes in the economy. The sector portfolio yield remained at 13.4% in 2020 - significantly above the average rates paid on funds of 2.7%. The interest margin stood at 75.4% in 2020 from 75.7% in 2019.

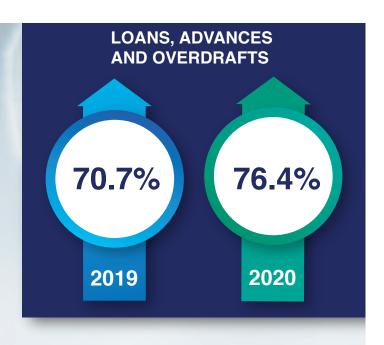
Large banks continued to dominate the banking sector, with their share of total assets increased to 76.6% in 2020 (from 71.6% in 2019). The number of large banks has increased as a result of consolidation in the banking industry. The share of total assets by medium-sized banks reduced to 20.1% (from 22.7% in 2019). The market share of total assets by regional and small banks remained unchanged in 2020.

Table 2: Snapshot of the banking se	ector income statem	ent			
Amounts in TZS million	2016	2017	2018	2019	2020
Interest income	2 853 522	2 944 859	2 764 076	2 815 136	2 872 405
Interest expense	(876 501)	(922 742)	(693 007)	(685 192)	(705 638)
Net Interest Income	1 977 021	2 022 117	2 071 069	2 129 944	2 166 767
Bad debt provisions and write-offs	(378 308)	(571 804)	(515 416)	(365 718)	(442 183)
Non interest Income	864 273	919 860	899 175	938 173	1 023 786
Foreign exchange gain/loss	188 374	209 429	197 290	231 496	224 677
Fees, Commissions & other income	615 305	659 016	626 910	649 061	686 624
Other Income	60 594	51 414	74 975	57 616	112 485
Gross Income	2 462 986	2 370 173	2 454 828	2 702 399	2 748 370
Non interest expense	(1 892 330)	(2 038 934)	(2 067 908)	(2 125 421)	(2 120 297)
Operating Income/(loss) before tax	571 118	331 799	386 920	576 978	628 073
Income tax Provision	(196 213)	(124 640)	(179 710)	(201 772)	(252 767
Net Income after Income Tax	357 253	206 927	207 210	359 305	380 144

Source: Analysis by Ernst and Young,

Market Share of Loans and Advances

Large banks continued to dominate the banking sector loan book. The share of large banks in terms of loans, advances and overdrafts increased to 76.4% in 2020 from 70.7% in 2019. During the year, the share of deposits by large banks expanded to 79.0% in 2020 from 73.6% in 2019. CRDB Bank and NMB Bank accounted for 57.2% of the customer deposits with a tie in market share of deposits at 28.7% and 28.6%, respectively.

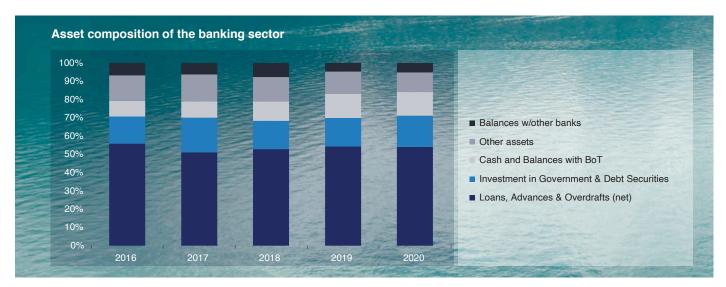


Source: Analysis by Ernst and Young,

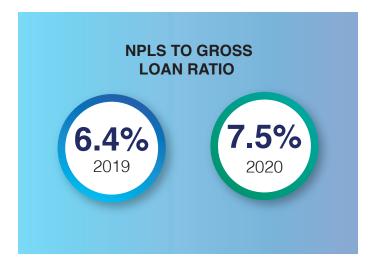
Asset Quality

The banking sector saw an improvement in asset quality in the three years before 2020. Non-performing loans (NPLs) marginally increased in 2020, where the level of non-performing loans increased to TZS 1.4 trilion from TZS 1.2 trilion in 2019. The ratio of NPLs to gross loans increased to 7.5% from 6.4% recorded in December 2019.

Major components of the banking sector assets were loans, advances and overdrafts that accounted for 54.1%, followed by investment in government and debt securities (17.1%), cash and balance with BOT (10.8%), balance with other banks (5.2%) and other assets (12.8%) of total assets.



Source: Analysis by Ernst and Young,



Source: Analysis by Ernst and Young,

Capital Structure

The aggregate capital increased by 8.7% from TZS 4,831 billion recorded in 2019 to TZS 5,250 billion recorded in the year under review. The general increase in capital and reserves is attributable to the increase in accumulated earnings from the profit earned in 2020. Similarly, the capitalisation of medium, regional and small banks in efforts to meet capital adequacy requirements.

Profitability

Sector profitability declined in 2020, with the average return on equity (ROAE) falling slightly to 7.5% from 7.8% in 2019. The ratio of non-interest expense to gross income was 54.4% in 2020 (56.6% in 2019).

The sector's interest margin marginally declined to 75.4% (75.7% in 2019) following a decline in yields on government securities in the period. Correspondingly, the net interest margin also declined to 8.2% compared to 8.8% recorded in 2019.

Further, the increase in NPLs to gross loan ratio from 6.4% in 2019 to 7.5% in 2020 contributed to the decrease in profitability.

Operating Efficiency

The industry continues to record consistent year-on-year improvements in operating efficiency. During the 2020 financial year, the overall operating efficiency for the sector declined to its lowest levels in five years, measuring 12.8% compared to 13.3% in 2019.





Advocacy in times of crisis

Advocating to protect policy interests may not seem an urgent priority at a time of crisis, but it still matters. As the political and business communities continued to focus on managing public concerns and the immediate implications of the pandemic, TBA's day-to-day advocacy programmes continued, albeit under very different circumstances.

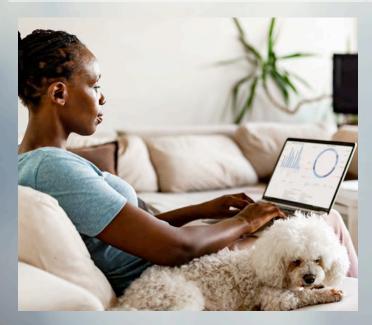
The Association sought to actively participate in the mitigation efforts, harnessing its strengths to support public initiatives and programs aimed at lessening the impact of the health crisis on businesses and livelihoods. In so doing, the body endeavoured to learn from other markets what was working, exploiting the extensive networks to share valuable lessons with other stakeholders. Excitingly, the Association benefited immensely from the experience of its members who have a global presence, particularly those with operations in markets that had experienced a more pronounced impact of the outbreak.

Anticipating impact from the pandemic

As the pandemic peaked in the second and third quarters of the year, the banking industry in Tanzania remained alert to the likely impact it would have in terms of the policy. Measuring the effects of the pandemic then was pure speculation as no one could predict the scale. Through its various committees of the Office Bearers, TBA proactively engaged its members to help them focus on managing the concerns of their employees, customers and partners while engaging the regulator on possible relief measures to safeguard the industry.

Given the unconventional approach adopted by the Tanzanian government in dealing with the COVID-19 crisis, the Association consulted widely and simulated scenarios of how the global health crisis would unfold locally and developed approaches that the industry could take to ensure sustainability of the sector. In addition to yielding relief measures for customers, the sustained engagements with BOT elevated the Association's stature and added credence to its voice.

To support the mitigation efforts, TBA proactively rallied members to strictly observe the health guidelines, including the provision of hygiene amenities and the adoption of collaboration solutions, as well as Working-From-Home (WFH). The concerted efforts further added impetus to the digital transformation programs, with members accelerating projects to respond to the sudden changes in consumer needs driven by the pandemic.



Policymaking at the macro level

The Tanzanian government has a economic transformation agenda and sees the banking industry as an integral part of its journey. Throughout the first term in the political dispensation under President John Pombe Magufuli, the Bank of Tanzania (BOT) has continued to strengthen its supervision of the sector enacting various regulations meant to safeguard its stability. With closer supervision comes the challenge of maintaining a delicate balance between regulation and control. Tanzania Bankers Association (TBA), as the sole advocacy body for the industry, continued to sustain a close relationship with the regulator and proactively developed policy briefs to guide the formulation of policies that are consistent with the needs of the industry.

In the year, the Association remained at the forefront of creating avenues for collaboration on government economic transformation agenda, focusing on public financing for infrastructure projects. Fundamentally, the industry is keen to support the economic value chains focusing on trade, construction and agriculture sectors, which continue to fuel economic growth in Tanzania.



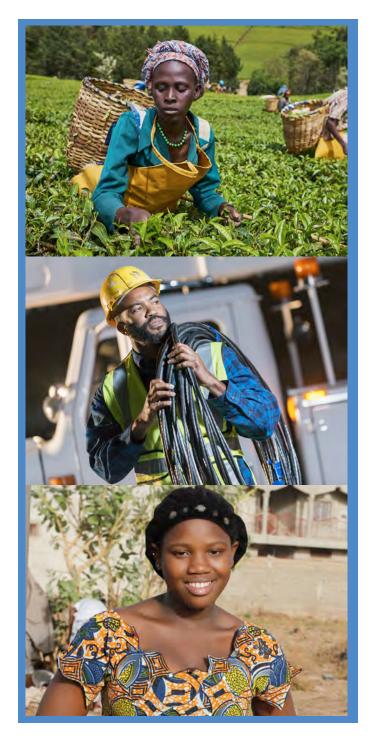
How is TBA impacting the big picture?

TBA's cardinal role is to provide a credible voice on matters relating to industry performance and growth, policy regulation; as well as, elevating the professional standards in the banking industry. With the rapid changes occurring in the banking industry, exacerbated by the changing consumer needs and preferences, having a credible voice for the sector is paramount.

The Association understands the greater responsibility bestowed upon it by members in driving a progressive agenda for the industry to

create sustainability. It is against this background that the Association has enumerated cross-cutting agenda items as imperatives for the complete transformation of the industry. The issues on the Association's dashboard include national fiscal management and comprehensive credit reforms.

Owing to its dexterity on pertinent industry matters, TBA has outrightly merited a seat at the National Think Tank and is currently playing a leading role in policy design and formulation. The end game is to drive sustainability by embedding ESG principles in the management of financial services in the country.





Sustaining stakeholder confidence amidst a global pandemic

The COVID-19 pandemic has triggered companies to accelerate their digital transformation journeys at an unprecedented pace. Whereas some organizations have made significant progress in their digital roadmaps, some remain behind even as business leaders confront a set of new challenges of driving productivity.

Business leaders have had to quickly and seamlessly adapt their business strategy to this 'new normal' and rely on teams working collectively to navigate these challenges and identify opportunities.

This whole new world has implications for how companies manage stakeholders. For the Tanzanian market, striking a balance between doing what is right and what is required informed the industry's strategy in dealing with the challenges of the pandemic in 2020. Complying

with directives from government authorities remained the core of our operations at the height of the crisis. Close engagements and sustained awareness campaigns made the difference.

As players in the global economy, our industry drew great lessons from the events happening globally. We learned that for the industry to thrive, our members had to start by embracing the reality that the new normal was at hand and is here to stay.

Without a doubt, COVID-19 has created unique circumstances for stakeholder engagements, which can differ wildly from one industry to another. The Tanzania Banking industry is adjusting to the pandemic in a variety of ways. But, most importantly, it has maintained focus on the well-being of your stakeholders, clients, and the regulator.

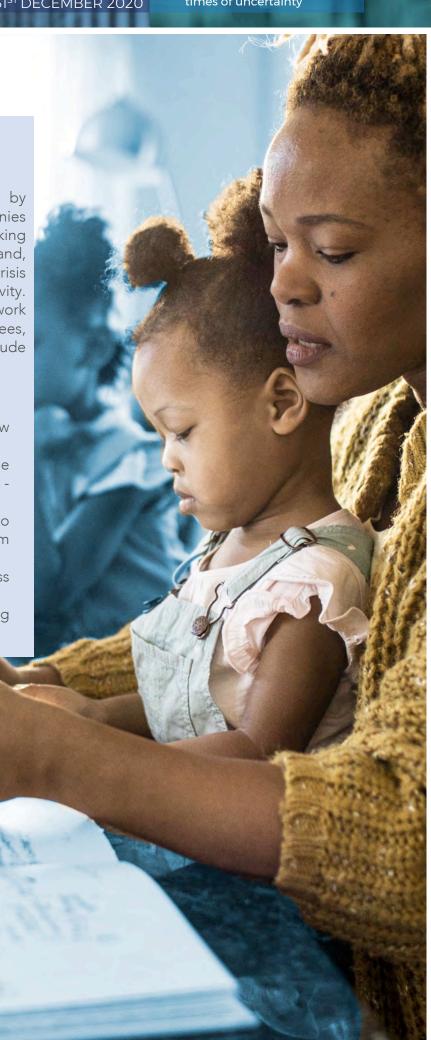
To support its members adjust to the challenges of the pandemic, TBA considered the different needs and stakeholder preferences in communication. During the year under review, our members pioneered the first virtual Annual General Meetings, opening new frontiers in stakeholder engagements in what now seems to be a future-compliant way.





The challenging experience brought about by the COVID-19 pandemic disrupted companies and employees. Until 2020, remote working was a foreign topic in the Tanzania market and, companies had never considered it. With the crisis came a surreal challenge to manage productivity. Many enterprises have asked employees to work remotely, raising new challenges for employees, managers and leaders. These could include challenges related to:

- Slow Internet connections and low bandwidth
- Data security management and possible difficulty in the documentation of decisions particularly for regulated authorities
- Possible criticism or brand impact due to differing work-from-home policies from competitors
- The risk of burnout and the need to address unmanageable workloads
- Misrepresentation of information arising from poor communication



Upskilling for the Digital World

We are in the new world of work - one brimming with possibilities. In this new normal, companies that fail to adapt will fail to survive. Therefore, business leaders should consider business-wide upskilling.

The foundational element of the upskilling movement is the expansion of employee capabilities to fulfil the talent needs of this rapidly changing digital economy. Upskilling means allowing employees to gain the knowledge, tools and ability they need, to use advanced and ever-changing technologies in the workplace and their





TABLE OF CONTENTS

CONTENTS	PAGE
Report of the Office Bearers	47 - 50
Statement of Office Bearers' Responsibilities	51
Declaration of Honorary Treasurer	52
Independent Auditor's Report	53-55
Statement of Profit or Loss and Other Comprehensive Income	56
Statement of Financial Position	57
Statement of Cash Flows	58
Statement of Changes in Accumulated Funds	59
Notes to the Financial Statements	60 - 75

REPORT OF THE OFFICE BEARERS FOR THE YEAR ENDED 31 DECEMBER 2020

The Office Bearers' have pleasure in presenting their report together with the audited financial statements for the year ended 31 December 2020, which discloses the state of affairs of Tanzania Bankers Association Limited ("the Company" or "TBA") as at that date.

1. INCORPORATION AND LEGAL STATUS

The Company was originally an Association, registered with the Registrar of Societies under the Societies Ordinance (Cap. 337). On 2 January 2012, the Association converted the legal status into a Company limited by guarantee. The Company's registered office is on 1st Floor, Faykat Towers, P. O. Box 70925, Dar es Salaam.

2. COMPANY'S VISION

To be the voice of the banking sector and assist in creating a conducive environment for the sector to contribute to economic development of the country.

3. COMPANY'S MISSION

To bring together members of the banking fraternity in order to have a common voice on matters relating to industry performance and growth, policy and regulations, elevation of professional standards and standards of providing banking services.

4. PRINCIPAL ACTIVITIES

The principal activities of the Company include:

- Facilitation of the consideration and discussion of matters of common interest to members:
- Development and upholding of a code of ethics for its members and facilitate the harmonization of operations;
- Arrangement of periodical meetings for members;
- Affording of opportunities for communication among members including the arrangement of social functions; and
- Taking measures that may be desirable to enhance the banking industry in Tanzania.

REPORT OF THE OFFICE BEARERS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

5. CORPORATE GOVERNANCE

The Board consists of twelve Office Bearers. Apart from the Executive Director, no other office Bearer hold executive positions in the Company. The Office Bearers take overall responsibility for the Company, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters and reviewing the performance of management business plans and budgets.

The Office Bearers are also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

The Office Bearers are required to meet at least four times a year. The Board delegates the day to day management of the business to the Executive Director assisted by senior management. Senior management is invited to attend board meetings and facilitates the effective control of all the Company's operational activities, acting as a medium of communication and coordination between all various business units.

The Company is committed to the principles of effective corporate governance. The Office Bearers' also recognize the importance of integrity, transparency and accountability.

6. MANAGEMENT

Management of the Company is under the Executive Director.

7. RESULTS

Results of the Company is set out on page 56 of these financial statements.

8. PERFORMANCE FOR THE YEAR

During the year, TBA continued to ensure a wider representation of the banking industry in Tanzania. Its membership total 43 during the year under review. All members paid their annual subscriptions in time.

9. SOLVENCY

The Company's state of affairs as at 31 December 2020 is set out on page 54 of these financial statements. The Office Bearers' consider the Company to be solvent within the meaning ascribed by the Tanzanian Companies Act.

REPORT OF THE OFFICE BEARERS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

10.RISK MANAGEMENT AND INTERNAL CONTROLS

The Board accepts final responsibility for the risk management and internal control systems of the Company. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations;
- The safeguarding of the Company's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviours towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the company's system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

The Board assessed the internal control systems throughout the financial year ended 31 December 2020 and is of the opinion that they met accepted criteria.

The Board is directly responsible for risk and internal control assessment as a separate audit committee is not considered necessary.

11.EMPLOYEE WELFARE

Management and employee relationship

Management/employee relationship continued to be good during the year. There were no unresolved complaints by employees at the end of the year.

The Company is an equal opportunity employer. It 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 like gender, marital status, tribes, religion and disability which does not impair ability to discharge duties.

Training facilities

The Company provides on-the-job training to all its employees in order to improve their technical skills and effectiveness. Where necessary, employees are also considered for external training courses that upgrade skills and enhance development.

Medical assistance

The Company provides medical facilities to staff through health insurance scheme.

Health and safety

A safe working environment is ensured for all employees and contractors by providing adequate and proper personal protective equipment, training and supervision as necessary.

REPORT OF THE OFFICE BEARERS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

11.EMPLOYEE WELFARE (CONTINUED)

Persons with disabilities

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned. In the event that a member of staff becomes disabled, every effort is made to ensure that his/her employment with the Company continues and appropriate training is arranged. It is the policy of the Company that training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employees Benefit Plan

The Company pays contributions to National Social Security Fund, which is a publicly administered mandatory pension plans and qualifies to be a defined contribution plan.

The number of employees during the year was 5 (2019:3 employees); out of which 2 were male and 3 female (2019: male 1, female 3).

12.RELATED PARTY TRANSACTIONS

Details of related party transactions and balances are given in note 18 to these financial statements.

13.POLITICAL AND CHARITABLE DONATIONS

The Company did not make any political or charitable donations during the year.

14.AUDITOR

KPMG has indicated their willingness to continue in office and are eligible for reappointment. A resolution proposing the reappointment of KPMG as Auditor of the Company will be put to the Annual General Meeting.

By order of the Board

Mr. Abdulmajid Mussa Nsekela

Chairman

Date: 22nd December 2021

STATEMENT OF OFFICE BEARERS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2020

The Office Bearers are responsible for the preparation of financial statements that give a true and fair view of Tanzania Bankers Association Limited comprising the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, changes in cash flows and accumulated funds for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies and other explanatory information, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2002.

The Office Bearers are also responsible for such internal control as the Office Bearers determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The Office Bearers have made an assessment of the ability of the Company to continue as a going concern and have no reason to believe that the Company will not be a going concern at least twelve for the next twelve months from the date of approval of these financial statements.

The auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework.

Approval of financial statements

The financial statements of Tanzania Bankers Association Limited, as identified in the first paragraph, were approved by the board of Office Bearers on

Mr. Abdulmajid Mussa Nsekela

Chairman

Date: 22nd December 2021

DECLARATION OF HONORARY TREASURER FOR THE YEAR ENDED 31 DECEMBER 2020

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a Statement of Declaration issued by the Head of Finance/Accounting (For Tanzania Bankers Association this is referred to as Honorary Treasurer) responsible for the preparation of financial statements of the entity concerned.

It is the duty of a professional accountant to assist the Board of Office Bearers to discharge the responsibility of preparing financial statements of an entity showing true and fair view position of the entity in accordance with international accounting standards and statutory reporting requirements. Full legal responsibility for financial statements rests with the Board of Office Bearers as under Office Bearers Responsibility statement on an earlier page.

I Frederick Nshekanabo being the Honorary Treasurer of Tanzania Bankers Association Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2020 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements comply with applicable accounting standards and statutory requirements as on that date and that they have been prepared based on properly maintained financial records.

Signed by:

Frederick Nshekanabo
Honorary Treasurer

NBAA Membership No: ACPA 1388

Date: 22nd December 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TANZANIA BANKERS ASSOCIATION LIMITED

Report on the Audit of the Financial Statements Opinion

We have audited the financial statements of Tanzania Bankers Association Limited ("the Company") set out on pages 56 to 75, which comprise the statement of financial position as at 31 December 2020, and the statements of profit or loss and other comprehensive income, changes accumulated funds and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 2002.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Tanzania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Office Bearers are responsible for the other information. The other information comprises the information included in the document titled *Tanzania Bankers Association Limited report and financial statements for the year ended 31 December 2020*, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TANZANIA BANKERS ASSOCIATION LIMITED (CONTINUED)

Responsibilities of Office Bearers for the Financial Statements

The Office Bearers are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and in the manner required by the Companies Act, 2002, and for such internal control as the Office Bearers determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Office Bearers are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Office Bearers either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Office Bearers.
- Conclude on the appropriateness of the Office Bearers' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TANZANIA BANKERS ASSOCIATION LIMITED (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Office Bearers regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by the Companies Act, 2002 we report to you, based on our audit that:

- in our opinion, proper accounting records have been kept by Tanzania Bankers Association;
- the individual accounts are in agreement with the accounting records of the Company;
- we obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit; and
- information specified by the law regarding Office Bearers' emoluments and other transactions with the Company is disclosed.

Signed by: CPA Vincent Onic

Signed by: CPA Vincent Onjala (TACPA 2722)

KPMG

Certified Public Accountants (T)

Dar es Salaam

Date 2nd December 204

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 TZS'000	2019 TZS'000
Income			
Income from subscriptions	7	599,150	543,500
		599,150	543 500
Expenditure			
Staff costs	10	(400,666)	(375,880)
Other operating expenses	11	(411,284)	(315,004)
		(811,950)	(690,884)
Finance income	9	58,282	43,672
Other income	8	203,574	55,900
		261,856	99,572
Surplus for the year		49,056	(47,812)
Other comprehensive income		-	_
Total Comprehensive surplus/(deficit) for the year		49,056	(47,812)

Notes and related statements forming part of these financial statements appear on pages 60 to 75.

Auditor's Report on Pages 53 to 55.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

N	otes	2020 TZS'000	2019 TZS′000
ASSETS			
Non-current assets			
Property and equipment	13	121,999	202,653
		121,999	202,653
Current assets			
Cash and cash equivalents	14	944,731	593,878
Sundry receivables	15	78,503	58,634
		1,023,234	652,512
TOTAL ASSETS		1,145,233	855,165
LIABILITIES AND ACCUMULATED FUND			
Non-current liabilities			
Lease liability	17	3,537	32,665
Current liabilities			
Other payables	16	403,754	129,434
Tax payable	12	8,309	8,039
Lease Liability	17	39,629	43,809
		451,422	181,282
Total liabilities		454,959	213,947
A		(00.074	/ / / 2/0
Accumulated funds		690,274	641,218
TOTAL LIABILITIES AND ACCUMULATED FUND		1,145,233	855,165

Notes and related statements forming part of these financial statements appear on pages 60 to 75 . Auditor's Report on Pages 53 to 55.

The financial statements on pages 56 to 75 were approved for issue by the Office Bearers on and were signed on its behalf by:

Mr. Abdulmajid Mussa Nsekela,

Chairman

Date:22nd December 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 TZS'000	2019 TZS'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus /(deficit) of income over expenditure before tax		49,056	(47,812)
Adjustments for:			
Depreciation	13	48,955	45,685
Amortization		-	2,159
Interest expense on lease liability	17	8,692	9,394
Amortisation of the right-of-use-assets	17	37,399	28,049
Operating surplus before working capital changes		144,102	37,475
Changes in working capital items			
- Sundry receivables		(19,869)	(17,026)
- Other payables		274,319	(3,639)
	. –	40.400	(a. a.a.))
Interest paid on lease liability	17	(8,692)	(9,394)
Cash generated from/(used in) operations		389,860	(30,059)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	13	(5,699)	(29,155)
Payment of lease liability	17	(33,308)	(32,606)
Net cash (used) in investing activities		(39,007)	(61,761)
Net increase/ (decrease) in cash and cash equivalents		350,853	(54,345)
Cash and cash equivalents at the beginning of the year		593,878	648,223
Cash and cash equivalents at the end of the year	14	944,731	593,878

Notes and related statements forming part of these financial statements appear on pages 60 to 75 . Auditor's Report on Pages 53 to 55.

STATEMENT OF CHANGES IN ACCUMULATED FUNDS FOR THE YEAR ENDED 31 DECEMBER 2020

	TZS'000
Balance at 1 January 2019	689,030
Deficit for the year	(47,812)
Balance at 31 December 2019	641,218
Balance at 1 January 2020	641,218
Surplus for the year	49,056
Balance at 31 December 2020	690,274

Notes and related statements forming part of these financial statements appear on pages 60 to 75.

Auditor's Report on Pages 53 to 55.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. REPORTING ENTITY

Tanzania Bankers Association Limited (the Company) is a Company limited by guarantee. The financial statements of the Company are for the year ended 31 December 2020.

The address of its registered office is:

1st Floor, Faykat Tower, Plot No. 236 P. O. Box 70925 Dar es Salaam Tanzania.

2. BASIS OF PREPARATION

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 2002.

(b) Basis of measurements

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Tanzanian Shillings (TZS), which is the Company's functional currency. All financial information presented in Tanzanian Shillings has been rounded to the nearest thousands (TZS'000), unless otherwise indicated.

(d) Use of estimates and judgements

In preparing these financial statements, Office Bearers has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

3. RELEVANT NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

New and amended standards and interpretations in issue but not yet effective for the year ended 31 December 2020

A number of new standards and amendments in standards are effective for annual periods beginning 1 January 2020 and earlier application is permitted. The following were the relevant ones;

New standards or amendments	Effective for annual period beginning or after
— Annual improvements to IFRS standards 2018-2020	1 January 2022
 Property, Plant and Equipment: Proceed before intended use (Amendments to IAS 16) 	1 January 2022
— Classification of liabilities as current or non-current (Amendments to IAS 1)	1 January 2023

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Financial Instruments

Financial instruments include balances with banks, sundry receivables, borrowings and other payables.

Recognition

A financial instrument is a contract that gives rise to both a financial asset of one enterprise and a financial liability of another enterprise. The Company recognises loans and receivables on the date when they are originated. These assets are initially recognised at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

All other financial instruments are recognized on the trade date which is the date on which the Company becomes party to the contractual provisions of the instrument.

• Classification and measurement

The Company classifies its non-derivative financial assets into loans and receivables while non-derivative financial liabilities are classified into other financial liability category.

Management determines the appropriate classification of its financial instruments at the time of purchase and re-evaluates its portfolio on a regular basis to ensure that all financial assets are appropriately classified.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Financial Instruments (continued)

Sundry receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the company intends to sell in the short-term or that it has designated as at fair value through profit or loss or available for sale. Loans and receivables comprise trade and other receivables and cash and bank balances.

These are measured at amortised cost using the effective interest method, less any impairment losses.

Other financial liabilities

Other financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. These include Borrowings and Trade and other payables.

De-recognition

A financial asset is derecognised when the company loses control over the contractual rights that comprise that asset. This occurs when the rights are realised, expire or are surrendered. A financial liability is derecognised when it is extinguished, cancelled or expires. Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set-off the recognised amount and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Fair value of financial assets and liabilities

Fair value of financial assets and financial liabilities is the price that would be received to sell an asset or paid to transfer a liability respectively in an orderly transaction between market participants at the measurement date.

• Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Financial Instruments (continued)

• Impairment of financial assets (continued)

Objective evidence that financial assets are impaired include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy and the disappearance of an active market for a security.

The company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(b) Interest Income

Interest income comprises interest earned over funds invested. Interest income is recognized as it accrues, using the effective interest method.

(c) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency (Tanzanian Shillings) at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date. Foreign currency gains or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Foreign currency differences arising on translation are recognised in profit or loss in the period in which they arise.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property and equipment

a. Recognition and measurement

Items of furniture, fittings and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Gains and losses on disposal of an item of furniture, fittings and equipment are determined by comparing the proceeds from disposal with the carrying amount of furniture, fittings and equipment and are recognised net within the profit or loss.

b. Subsequent costs

The cost of replacing part of an item of furniture, fittings and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its costs can be measured reliably. The carrying amount of the replaced part is derecognised. The cost of day to day servicing of furniture, fittings and equipment are recognised in profit or loss as incurred.

c. Depreciation

Depreciation is recognised in profit or loss on a straight-line basis for all assets over the estimated useful lives of each part of an item of furniture, fittings and equipment. The annual depreciation rates for this purpose are as follows:

 Furniture, fittings and equipment 	25%
Motor vehicles	25%
Computer Equipment	25%

Depreciation methods, useful lives and residual values are reviewed at each reporting date. An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying amount is greater than the estimated recoverable amount.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Impairment of non-financial assets

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(f) Employee benefits

i) Defined contribution plan

The Company makes statutory Contributions to the National Social Security Fund (NSSF). The Company's obligations in respect of contributions to such funds are 10% of the employees' gross emoluments.

Contributions to these pension funds are recognised as an expense in the period the employees render the related services.

ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

At commencement or on modification of a contract that contains a lease component, the Company allocates consideration in the contract to each lease component on the basis of its relative standalone price.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate as the TZS discount rate since the leases are in TZS. Lease payments included in the measurement of the lease liability comprise the following: fixed payments, including in-substance fixed payments;

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets in 'property and equipment' and lease liabilities in 'other liabilities' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company does not currently have a short-term and lease of low-value.

5. FINANCIAL RISK MANAGEMENT

The Company is exposed to the following risks from its use of financial instruments:

- -Credit risk
- -Liquidity risk
- -Market risk
- -Currency risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Company's Office Bearers' have overall responsibility of the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risk adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered.

The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Office Bearers' are responsible for monitoring compliance with the risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risk faced by the Company. The Office Bearers' are assisted in these functions by the management

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meets its contractual obligations, arising principally from the Company's net receivable which is mainly from Banks.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. All liquidity policies and procedures are subject to review and approval by the Company's Office Bearers'.

The Office Bearers' believe that the Company has sufficient funds to settle the liabilities as and when they fall due.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates etc. will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Company is exposed to currency risk on transactions that are denominated in a currency other than the respective functional currency of the company, the Tanzanian Shillings (TZS). The other currency in which these transactions primarily are denominated is US Dollars (USD).

The Company's strategy towards managing its foreign currency exposure is through transacting mainly using its functional currency. All Company's transaction are carried out in TZS and the Company does not have any foreign currency exposure at the reporting date.

Interest rate risk

The Company's operations are subject to the risk of interest rate fluctuations to the extent that interest earning assets and interest bearing liabilities mature or re-price at different times or in differing amounts. Risk management activities are aimed at optimising net interest income, given market interest rates levels consistent with the Company's business strategies.

6. FAIR VALUES OF FINANCIAL INSTRUMENTS

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

6. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table shows the carrying amounts of financial assets and financial liabilities not measured at fair value. The carrying values of these instruments approximate their fair values due to their short-term nature:

	Carrying	Amount	Approximat	e fair value
	2020	2019	2020	2019
Assets				
Cash and cash equivalent	944,731	593,878	944,731	593,878
Sundry receivable	44,486	42,609	44,486	42,609
Total Assets	989,217	636,487	989,217	636,487
Liabilities				
Other payables	17,097	12,327	17,097	12,327
Total Liabilities	17,097	12,327	17,097	12,327

7. INCOME FROM SUBSCRIPTIONS

	2020 TZS'000	2019 TZS'000
Income from subscriptions	599,150	543,500

8. OTHER INCOME

Other income*	203,574	55,900
o the meaning		00/100

^{*}This was contributions by members to finance conference to facilitate deepening of financial inclusion in Tanzania.

9. FINANCE INCOME

	2020 TZS'000	2019 TZS'000
Interest earned	58,282	43,672

10. STAFF COSTS

	2020 TZS′000	2019 TZS'000
Salaries	337,471	318,504
Other staff costs	63,195	57,376
	400,666	375,880

11.OTHER OPERATING EXPENSES

	2020 TZS'000	2019 TZS'000
Utilities	5,150	5,080
Consultancy and professional fees	236,029	27,784
Repairs and maintenance	739	2,799
Travelling and accommodation	8,924	22,501
Communication and website expenses	29,870	32,709
Cleaning expenses	3,240	2,970
Bank charges	1,008	1,251
Subscription costs	1,000	1,000
Short term lease	-	5,791
Seminar and meeting expenses	14,434	108,060
Other expenses	8,660	2,888
Insurance	6,268	5,133
Depreciation expense	49,871	47,844
Right-of- use asset amortisation	37,399	28,049
Interest expense on lease	8,692	9,394
Stationery and other supplies	-	11,751
	411,284	315,004

Consultancy and profession fees is higher in the year 2020 due to consultancy fees paid for Jisevie and Nikofiti campaigns. There was no annual conference in the year 2020 as a result seminar and meeting expenses were significantly lower than those for 2019.

12.TAXATION

The Office Bearers' of the Company are of the view that the Company is exempted from taxation based on email correspondence between the Company and TRA and therefore the Company has not provided for tax. The tax liability of TZS 8,039,000 is carried from previous years.

13.PROPERTY AND EQUIPMENT

	Right of Use assets	Furniture and Fittings	Motor vehicles	Total
	TZS '000	TZS '000	TZS '000	TZS '000
Cost				
At 1 January 2019	-	102,206	156,995	259,201
Additions	109,080	29,155	-	138,235
At 31 December 2019	109,080	131,361	156,995	397,436
At 1 January 2020	109,080	131,361	156,995	397,436
Additions		5,699	-	5,699
At 31 December 2020	109,080	137,060	156,995	403,135
Depreciation				
At 1 January 2019	-	91,612	29,436	121,048
Charge for the year	28,049	6,436	39,249	73,735
At 31 December 2019	28,049	98,048	68,685	194,783
At 1 January 2020	28,049	98,048	68,685	194,782
Charge for the year	37,399	9,707	39,248	86,354
At 31 December 2020	65,448	107,755	107,933	281,136
Net book value				
At 31 December 2019	81,031	33,313	88,310	202,653
At 31 December 2020	43,632	29,305	49,062	121,999

14.CASH AND CASH EQUIVALENTS

	2020 TZS′000	2019 TZS'000
Fixed deposits	585,766	481,681
Cash	282,980	38,033
Short term deposits with Banks	75,985	74,164
	944,731	593,878

15.SUNDRY RECEIVABLES

	2020 TZS′000	2019 TZS'000
Interest receivable	44,486	42,609
Prepayments	34,017	2,125
Other Receivables*	-	13,900
	78,503	58,634

^{*}Other Receivables relates to unpaid members' contributions for TBA Annual conference

16.OTHER PAYABLES

	2020 TZS'000	2019 TZS'000
Membership Subscriptions received in Advance	-	28,750
Accrued audit fees	6,000	4,500
Other payables	11,097	7,827
ATM skimming campaign funds*	54,962	54,962
National payment switch**	22,300	22,300
IFRS Training contribution***	11,095	11,095
Covid 19 Fund****	298,300	-
	403,754	129,434

^{*}The balance of 'ATM skimming campaign fund' amounting to TZS 54.96 million (2019: TZS 54.96 million) relates to the fund which was contributed by the member banks for carrying out an awareness campaign on ATM usage to customers.

^{**}The balance of National payment switch relates to the contributions made by 4 member banks which are NBC, NMB, CRDB and Standard Chartered Bank for the implementation of the National payment switch project amounting to TZS 22.3 million.

***The balance of IFRS training contribution includes contribution by member banks amounting to TZS 11 million.

****Covid-19 fund includes fund contributed by members for aiding the government in fight against COVID-19 pandemic amounting to TZS 298 million.

17.LEASES

Leases as lessee (IFRS 16)

The Company leases a number of office premises. The leases typically run for a period of 3 years, with an option to renew the lease after that date. Previously, these leases were classified as operating leases under IAS 17 and the information about leases for which the Company is a lessee is presented below.

i. Right-of-use assets

Right-of-use assets relate to leased office premises that are presented within property and equipment (see Note 13).

	2020 TZS'000	2019 TZS′000
Cost		
Balance at 1 January	109,080	-
Additions for the year	-	109,080
Balance as at 31 December	109,080	109,080
Amortisation		
Balance at 1 January	28,049	-
Amortization for the year	37,399	28,049
Balance at 31 December	65,448	28,049
Right of Use as at 31 December	43,632	81,031

17.LEASES (CONTINUED)

Leases as lessee (IFRS 16) (continued)

ii. Lease liability

	2020 TZS'000	2019 TZS'000
Lease liability at 1 January	76,474	-
Additions during the year	-	109,080
Payment made during the year	(33,308)	(32,606)
Closing balance at 31 December	43,166	76,474
Current Portion	39,629	43,809
Long term Portion	3,537	32,665
Interest on lease liabilities	8,692	9,394
Expenses relating to short-term leases	-	5,791

iii. Amounts recognized in statement of cash flows

	2020 TZS'000	2019 TZS'000
Payment of the lease liability	33,308	32,606
Payment of the interest expense	8,692	9,394
Total cash outflow for leases during the year	42,000	42,000

iv. Extension options

Lease of the office premise contain extension options exercisable by the Company up to one year before the end of the non-cancellable contract period. Where practicable, the Company seeks to include extension options in new lease to provide operational flexibility. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

17.LEASES (CONTINUED)

Analysis of the operating lease commitments:

	2020 TZS'000	2019 TZS'000
Lease payments under operating leases recognized in profit or loss	-	5,791

18.RELATED PARTY TRANSACTIONS

The Company is limited by guarantees of its members, who pay an annual subscription fee. There were no other transactions with members during the year.

Key management personnel remuneration amounted to TZS 164,932,456 (2019: TZS 144,995,572).

19.CAPITAL COMMITMENTS AND CONTINGENCIES

The Company does not have any capital commitments that were contracted for but not provided for as at 31 December 2020. The Office Bearers' confirm there are no contingent liabilities against the Company.

20.EVENTS AFTER THE REPORTING PERIOD

At the date of signing the financial statements, the Office Bearers are not aware of any other matter or circumstance arising since the date of the end of the reporting period, not otherwise dealt in these financial statements, which significantly affected the financial position of the Company and results of its operations.

21.COMPARATIVE FIGURES

Where necessary, comparative figures have been reclassified to conform to the presentation adopted in these financial statements, the effects of which are considered immaterial.



Block 41, Kinondoni, Faykat Tower, Alhassan Road, P.O. Box 70925, Dar es Salaam Tanzania. Tel: 255 - 22 - 2127764, Fax: 255 - 22 - 2124492 info@tanzaniabankers.org www.tanzaniabankers.org