



TANZANIA BANKERS ASSOCIATION

ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 2019



www.tanzaniabankers.org



About this Report

The Tanzania Bankers Association (TBA) Annual Report has been prepared for the period beginning 1st January 2019 to 31st December 2019. It covers the Association's activities during the financial year and provides an overview of the macroeconomic environment and the sector performance.

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LIST OF ABBREVIATIONS

COFI	Conference of Financial Institutions
BOT	Bank of Tanzania
DCB	Director of Corporate Banking
DTB	Diamond Trust bank
EAC	East African Community
GDP	Gross Domestic Product
LHS	Left Hand Scale
MER	Monthly Economic Review
NBC	National Bank of Commerce
NPL	Non-Performing Loans
RHS	Right Hand Scale
ROA	Return on Assets
ROE	Return on Equity
SADC	Southern Africa Development Community
TBA	Tanzania Bankers' Association
TZS	Tanzania Shilling
USD	United States Dollar



Association Profile



Our Association in Brief

The Tanzania Bankers Association (TBA) is a member-based organization that endeavors to bring together its members through enhanced collaboration and cooperation in matters of common interest and also elevate professional standards in the industry. The association therefore, seeks to position its members as main contributor and facilitator of economic growth in the country. TBA is committed to operate and carry on its daily activities in close cooperation with all its stakeholders, including the Government, regulatory authorities, the media, and the general public.

Our 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 /Engage banking institutions together in researched advocacy and stakeholders' engagement 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



Unity - teamwork



Professionalism



Integrity



Customer-centric

Current Membership

During the year under review, TBA had 44 members as listed below: List of TBA Members 2019

S/No	Member Name
1	Access Bank Tanzania Limited
2	Akiba Commercial Bank Limited
3	Amana Bank Limited Amana Bank Limited
4	Azania Bank Limited
5	African Banking Corporation Limited (BancABC)
6	Barclays 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	Commercial Bank of Africa (T) Ltd
14	Community Banks Association

S/No	Member Name
15	DCB Commercial Bank Plc
16	Diamond Trust Bank Tanzania Limited
17	Ecobank Tanzania Limited
18	Exim Bank Tanzania Limited
19	Equity Bank (T) Limited
20	FINCA Tanzania M.F.C Limited
21	First National Bank Tanzania Limited
22	Habib African Bank Tanzania Limited
23	I & M Bank Tanzania Limited
24	International Commercial Bank Tanzania Limited
25	KCB (Tanzania) Limited
26	Kilimanjaro Co-operative Bank

S/No	Member Name
	Limited
27	Letshego Bank Tanzania Limited
28	Maendeleo Bank Plc
29	Mwalimu Commercial Bank Plc
30	Mkombozi Commercial Bank Plc
31	National Bank of Commerce Limited
32	NMB Bank Plc
33	NIC Bank Tanzania Limited
34	Stanbic Bank Tanzania Limited
35	Standard Chartered Bank Tanzania Limited
36	People's Bank of Zanzibar Limited
37	Tanzania Agriculture Development Bank Limited

S/No	Member Name	
38	TPB Bank Plc	
39	Tanzania Mortgage Refinance Company Limited (TMRC)	
40	TIB Corporate Bank Ltd	
41	TIB Development Bank Limited	
42	United Bank for Africa Tanzania Limited	
43	UMOJASWITCH Limited	
44	Yetu Microfinance Bank PLC	



The Governing Council

The TBA Annual General Meeting elects a Governing Council, that is normally comprised of 12 CEOs who represent the members, to oversee the operations, programs and the budget of the TBA secretariat. The current Chairman is Mr. Abdulmajid Nsekela, CEO/MD of CRDB Bank Plc.

Governing Council Members in Year 2019

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

Standing Committees of the Governing Council

TBA's Governing Council is consisted of nine Standing Committees which advise the Governing Council on issues relevant to their Committees. The current Standing and Sub Committees include:

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



A Message from the Chairman

As economies around the world begin to recover from the adverse effects of the COVID-19 pandemic, financial service providers are fast adapting to changes in consumer behavior and a rapidly evolving regulatory environment.

Tanzania's financial services sector continues to play a pivotal role in this recovery process and is at the forefront of championing solutions that address the challenges in the marketplace.

The government decision of not imposing lockdowns on economic activities during the height of the pandemic has added impetus to the growth, even with a reduction in international trade. Bank of Tanzania (BoT) projects a slowdown in economic growth to 5.5% in 2020 down from 7.0% in 2019. The growth will be mainly driven by the Agriculture sector, due to favourable weather and, supported by increased public investments and an accommodative monetary policy.

Meanwhile, we expect relief for households due to a reduction in the inflationary pressure. BoT

projects a low headline inflation of 5% for the 2020 financial year, which is below the medium target for the year.

Looking back at 2019, I am happy to report that our association has remained vibrant and is actively supporting members and providing a voice for the industry. During the year, we undertook various initiatives to empower members to deliver their services better. Key among them was the launch of the Association's Code of Conduct, participation in 19th Conference of Financial Institutions (COFI) to discuss challenges of the sector and, taking part in the National budget making process. Members also took an active role in the review of the Land Act (amended) where they provided feedback as key stakeholders in land use. Broadly, made strategic engagements with the regulator and other stakeholders, largely on sector-related issues, including sustainability of the economy.

It is my privilege to report that as a result of the engagements, the sector was able to sustain good performance, underlined by quality loan books as evidenced by the decline in Non-Performing loans to 9.58% from 10.51 in 2018. The ratio of Liquid Assets to Demand Liabilities stood at 32.14%, which was above the minimum regulatory requirement of 20%, implying a sustained ability of banks to meet maturing obligations.

In terms of soundness, the industry remained resilient and stable with increased profitability, adequate capital and improved liquidity. Based on BOT's reports, the sector's Core and total capital adequacy ratios stood at 17.04% and 18.06% compared to 16.20% and 18.14%, respectively in the year ended December 2018.

There was some consolidation in the industry, which resulted in a slight decrease in the number of banks to 51 from 53 in 2018, following the acquisition of UBL Bank (T) Ltd by Exim Bank (T) Ltd and transfer of assets and liabilities of Bank M Tanzania Limited to Azania Bank Limited by the Bank of Tanzania. The acquisition aimed to

strengthen the existing bank network and expansion of market share, while the latter was a resolution to protect the interest of depositors and other creditors of Bank M Tanzania Limited. As of December 2019, 10 largest banks controlled a total of 72.21% market share of assets, 72.94% of loans and 74.49% of deposits.

Important Banking Sector Indicators as at December 2019

	2019	2018
• Total Assets	TZS 33.162 Trillion	29.997 Trillion
• Customer Deposits	TZS 21.745 Trillion	20.23 Trillion
• Loans, Advances and Overdrafts	TZS 17.884 Trillion	15.81 Trillion
• Core Capital Ratio	17.04% (min. 10%)	16.26%
• Gross NPLS/Gross Loans (NPLs)	9.58 %	10.36%
• Annual Growth of Credit to P/Sector	11.1%	4.9%
• Liquid Assets /Demand Liabilities	32.14% (min. 20%)	35.63%
• Return on Assets (ROA)	1.86%	1.27%
• Return on Equity (ROE)	7.13%	4.53%

Categories of Financial Institutions Operating in Tanzania as at December 2019

Category	2015	2016	2017	2018	2019
Commercial banks	36	38	38	40	38
Development banks	2	2	2	2	2
Microfinance banks	3	4	5	5	5
Community banks	12	12	11	6	6
Financial institutions 1	3	3	3	0	0
Total	56	59	59	53	51

Source: Bank of Tanzania

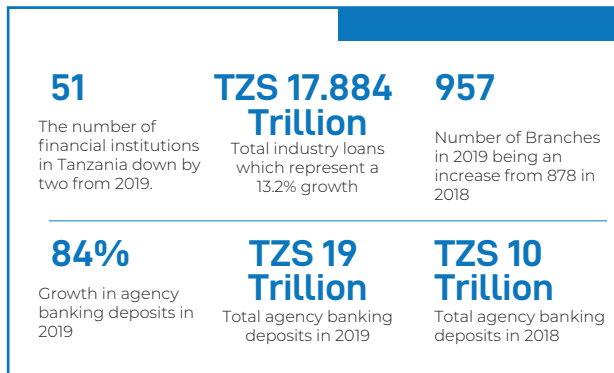
TBA Members during the above periods	45	46	50	45	44
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Market Share (in Percentage) of Ten Largest Banks in Tanzania, December, 2019

Market share	Assets		Loans		Deposits		Capital	
	Dec-18	Dec-19	Dec-18	Dec-19	Dec-18	Dec-19	Dec-18	Dec-19
10 Largest bank2015	70.41	72.21	70.24	72.98	73.01	74.49	60.49	59.01
Others banks	29.59	27.79	29.76	27.06	26.99	25.51	39.51	40.99

Source: Bank of Tanzania

The sector continued to expand its outreach through branch network and agent banking.



Resignations and Transfers

Several changes took place in the leadership of a number of TBA member banks during Year 2019. T.R. Balaji Rao took over as the new Managing Director of Canara Bank (Tanzania) Limited from Seshagiridas Hathibelagal, Geoffrey Mchangila took over as the new Managing Director of Citibank Tanzania

Limited from Joseph Carasso Junior, Edward Talawa took over as the new Managing Director of FINCA Tanzania M.F.C. Limited from Bas Nierop. Moreover, Vellayappan Muthuvelu took over as the new Managing Director of International Commercial Bank Tanzania Limited after Ramakrishna Makarani. On the other hand, Janeth Minja took over as the new Managing Director of Kilimanjaro Co-operative Bank Limited from Joseph Kingazi. Mr. Andrew Tarimo became the new Managing Director of Letshego Bank Tanzania Limited as a successor to Thabiti Ndilahomba. Also Richard Makungwa took over as the new Managing Director of Mwalimu Commercial Bank Plc. (MCB) from Ronald Manongi, while Respige Kimati took over as the new Managing Director of Mkombozi Commercial Bank Plc from Thomas Enock who was Acting Managing Director.

On behalf of the Association, I thank all preceding Managing Directors for their direct/indirect participation in the affairs of the Association and warmly welcome their successors.



Key Activities/ Events during Year 2019



TBA Financial Inclusion Conference & Launching of TBA Code of Conduct

Tanzania Bankers Association held a historic Conference on 19th September, 2019 which was attended by more than 250 participants from different sectors to discuss how banks should participate in deepening financial inclusion in Tanzania. During the conference, the Association launched the Industry Code of Conduct. Stakeholders Conference agreed on a need for banks and other financial institutions to play a more active role in the provision of customer based services and products, through the use of technology.

Along these lines, it was recommended by the conference that the banking industry, through TBA should partner with the academia in conducting research in relevant areas.



Official launching of TBA Code of Conduct. From L to R, Bank of Tanzania Governor Prof. Florens Luoga, Mr. Oscar Mgaya, TMRC CEO, Minister of Finance and Planning Hon. Dr. Philip Mpango(MP) Tanzania Bankers Association Chairman, Mr. Abdulmajid Nsekela, Industry and Trade Minister, Hon. Innocent Bashungwa (MP), Permanent Secretary, Ministry of Finance and Planning, Mr. Dotto James, TBA Vice Chair, Mr. Sanjay Rughani.



TBA Chairman Mr. Abdulmajid Nsekela at center and Vice chairman Mr. Sanjay Rughani on right offering the momentous to Guest of honor Hon. Dr. Philip Mpango Minister of Finance and Planning in presence of Bank of Tanzania Governor Prof. Florens Luoga.



Bank of Tanzania Governor Prof. Florens Luoga, receiving momentous from the TBA Chairman Mr. Abdulmajid Nsekela and Vice chair Mr. Sanjay Rughani in presence of Hon. Minister Dr. Philip Mpango who was the guest of honor.



TBA Executive Director, Ms. Tuse Joune giving a brief summary on the rationale, thanking the team that worked on the Code and highlight on the key objectives of the code of conduct just before the official launch



Participants paying attention during the proceedings of the TBA Conference on Financials Inclusion



Guest of Honor Dr. Philip Mpango, Bank of Tanzania Governor Prof. Florens Luoga, Deputy Governors of Bank of Tanzania, Permanent Secretary, Ministry of Finance, Mr. Dotto James, Minister for Industries and Trade Hon. Innocent Bashungwa, TBA Chairman Mr. Abdulmajid Nsekela, Mr. Sanjay Rughani together with other banks CEO's , presenters and discussants of the TBA Conference in Financial Inclusion.

Co-organization of the 19th Conference of Financial Institutions - COFI

The Conference of Financial Institutions (COFI) brings together an elite group of financial sector regulators, bank executives, MNOs, academicians, and other key stakeholders to discuss the challenges and opportunities in the financial sector in Tanzania.

For the first time the conference was Co-Organized/Funded by Bank of Tanzania and Tanzania Bankers Association, this was a huge milestone for TBA. The Conference was attended by about 300 participants, including the Minister for Finance and Planning, Dr. Philip Mpango, Ministers, chief executive officers of banks and financial institutions, prominent economists and academicians as well as representatives of development partners. The theme for the 19th COFI, was 'Accelerating financial sector development in Tanzania'



Group Photo of Minister for Finance, BOT Executives, Former Governor of BOT and TBA Members during the 19th Conference of Financial Institutions, 2019

Sitting: Hon. Dr. Philip Mpango, Minister of Finance and Planning together with Governor of the Bank of Tanzania Prof. Florens Luoga, Deputy Governors of Bank of Tanzania, Former Governor of Bank of Tanzania Prof. Ndulu, TBA Chairman Mr. Abdulmajid Nsekela together with other banks CEO's in a group photo during the 19th COFI



TBA Chairman Mr. Abdulmajid Nsekela while giving his Keynote speech during the 19th COFI



TBA Vice Chairman, Mr. Sanjay Rughani while presenting his paper during the 19th COFI



Ms. Ruth Zaipuna, Managing Director of NMB Bank During Conference of Financial Institution. Ms. Zaipuna was the Chairperson during the panel discussion.



Mr. Theobald Sabi, Managing Director of NBC Bank During Conference of Financial Institution. Mr. Sabi was the Chairperson during the panel discussion.



Mr. Abdi Mohamed, Managing Director of Absa Bank During Conference of Financial Institution. Mr. Mohamed was the Chairperson during the panel discussion



Ms. Margret Karume, Managing Director of NCBA Bank During Conference of Financial Institution. Ms. Karume was one of the discussant during the panel discussion



Participation in the Consultative Lands Experts/ Commissioners Meeting in Dodoma

TBA as a key stakeholder in Land usage, was invited specifically to give feedback on the implementation of the current Land Act (Amended) and the challenges faced that needed attention of the Ministry of Lands for further consideration and review.

Dr. Joseph Masawe, TBA Head of Economic Research giving opening remarks prior TBA Presentation on banks experience in using land as collateral during a three days' consultative workshop of Land officers in Dodoma.

TBA Members participated at a Special meeting between H. E. President of the URT and Business Community Representatives at the State House, Dar es Salaam



TBA in State House attending a special presidential event with Mr. President His Excellence, Dr. John Joseph Pombe Magufuli.... "The banking sector will continue to support business growth in the country as always- said TBA Chairman, Mr. Abdulmajid Nsekela"

Participation in the National Budget Think Tank

For the 1st time, TBA, in year 2019 was officially included as a member of the National Budget Think Tank, a special Advisory Team to the Minister for Finance to advise, in the main, among other things, Tax matters for his consideration prior to finalization of the National Budget. Key issues presented were tax on loan impairments, interest in suspense, Islamic Banking and VAT on Sale of Property and fees and charges. TBA was able to successfully object and dropped a new proposal from TRA which could have add cost to compliance and borrowing.





Appreciation

Despite the challenges faced during the year under review, the sector remained stable and we witnessed a growth in most of the key indicators. The Secretariat, regardless of their small in numbers, they did their best and were committed and show a high level of dedication in addressing the industry issues/challenges trying to push for more conducive environments by engaging various stakeholder in a bid to bring a positive impact for the sector.

Vice Chairman Mr. Sanjay Rughani has been a big help in driving the industry agenda together with me as a team. I also thank the entire Governing Council for their passion, commitment and valuable support and contribution in all critical issues during the year under review.

Together, we have played a key role in directing the Secretariat in their bid to achieving the strategic objectives and other numerous initiatives/activities for the

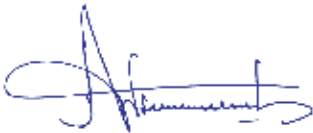
benefit of the entire TBA membership and the industry at large. I could witness the continued support and collaboration being accorded in year 2020 as well. Special thanks goes to Committees which were active during the year under review in assisting driving different industry agenda.

Finally, on behalf of the Governing Council, I would like extend our sincere appreciation to the entire TBA membership for their valuable commitment, collaboration and participation in various issues as one voice. Year 2019 strengthened the TBA members' togetherness and our Voice thus increased our visibility and further impactful engagement with our Regulators, Partners and Key Stakeholders.

As we reflected in detail on the year 2019, we have so far witnessed a large part of Year 2020, which is one of its kind, however, it gave us a unique experience and opportunity to learn the new normal, connect more with our customers, see a

stronger TBA and members' togetherness with a clear witnessed positive engagement with the Regulator and other key stakeholders. Let us continue to ensure stability in our sector, secured and protection of customer trust on us as we strive to meet the aspiration of our various existing and potential stakeholders.

I wish to thank members for the continued commitment and support throughout the year. I look forward to engaging more and building a platform to advance our members' agenda.



Abdulmajid Nsekela



WISHING YOUR MERRY CHRISTMAS
AND
A PROSPEROUS NEW YEAR



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