



Homes within your reach

FIRST HOUSING FINANCE (TANZANIA) LIMITED

MARKET DISCIPLINE GUIDELINES FOR BANKS AND FINANCIAL INSTITUTIONS

QUALITATIVE INFORMATION ABOUT CREDIT RISK AS AT 31 DECEMBER 2025

CREDIT RISK

This is major risk that could possibly impact our organization as it is our key business, which means whatever goes wrong it impact our organization strategy Credit risk arises from the potential that an obligor is either unwilling to perform on an obligation or its ability to perform such obligation is impaired resulting in economic loss to the institution.

CONCENTRATION RISK

This may be in the form of single borrowers or counterparties, a group of connected counterparties, and sectors or industries, such as trade, agriculture, etc. or in the form of common or correlated factors. FHF shall determine acceptable amount of concentration of risk. Through "risk appetite" which shall be decided by the board of directors by your board should consider the organization's strategy, economic conditions, and net worth levels to set such limits

CREDIT STRATEGY

The purpose of FHF credit strategy is to determine the risk appetite of the institution, whereby FHF shall optimize return while keeping credit risk within predetermined limits. FHF credit risk strategy shall cover the institution's plan to grant credit based on various client segments and products, economic sectors, geographical location, currency and maturity, target market within each lending segment and level of diversification/concentration; and pricing strategy.

RISK APPETITE

Our organization Risk Appetite shall cover the below items:

- i. Setting up Exposure Limits
- ii. Defining Customer Risk Profile Standards
- iii. Setting up of Loan Sanctioning Powers: Standards
- iv. Risk Based pricing
- v. Approval of projects for ADF/CDF/Subvention

GOVERNANCE STRUCTURE AND RESPONSIBILITIES

BOARD OF DIRECTORS

The Board is responsible for ensuring that an appropriate "Risk Culture" is embedded within the Company and the people working for it

- i. Boards of directors have ultimate responsibility for the level of risk taken by their institutions.
- ii. Accordingly, they should approve the overall business strategies and significant policies of their institutions
- iii. Ensure that senior management is fully capable of managing the activities that their institutions conduct
- iv. Ensuring that management is taking the steps necessary to identify, measure, monitor, and control these risks

BOARD RISK AND AUDIT COMMITTEE

- i. To assess the company's risk profile and key areas in risk in particular
- ii. To recommend to the board and adaptation of risk assessment and rating procedures
- iii. To examine and determine sufficiency of the company internal process for reporting on managing
- iv. To assess and recommend board acceptable level of risk

RISK MANAGEMENT FUNCTION

- i. Identifying current and emerging risks
- ii. Developing risk assessment and measurement systems
- iii. Establishing policies, practices and other control
- iv. Mechanisms to manage risks
- v. Developing risk tolerance limits for Senior Management and board approval
- vi. Monitoring positions against approved risk tolerance limits
- vii. Reporting results of risk monitoring to Senior Management and the board.

INDEPENDENT REVIEWER (INTERNAL AUDITOR, EXTERNAL AUDITORS OR ANY OTHER PERSON(S) WHO SHOULD BE INDEPENDENT FROM RISK TAKING UNITS).

- i. Whether the institution's risk management system is appropriate to the nature, scope, and complexity of the institution and its activities
- ii. Whether the institution has an independent risk management function
- iii. Whether the board of directors and senior management are actively involved in the risk management process
- iv. Whether policies, controls and procedures concerning risk management are well documented and complied with
- v. Whether the institution has adequate staffing to conduct a sound risk management process

PRUDENTIAL REGULATORY METRICS AS AT 31 DECEMBER 2025

A bank or financial institution is required to disclose each metric's value using the corresponding standard's specifications for the reporting period-end.

S/n	Metric	Amount (TZS)
Available capital (amounts)		
1	Common Equity Tier 1 (CET1)	17,851,178,000.00
2	Tier 1	17,851,178,000.00
3	Total capital	17,851,178,000.00
Risk-weighted assets (amounts)		
4	Total risk-weighted assets (RWA)	24,641,789,441.73
Risk-based capital ratios as a percentage of RWA		
5	Common Equity Tier 1 ratio (%)	72.44%
6	Tier 1 ratio (%)	72.44%
7	Total capital ratio (%)	72.44%
Additional CET1 buffer requirements as a percentage of RWA		
8	Capital conservation buffer requirement (2.5%)	63.94%
9	Total of bank CET1 specific buffer requirements (%)	63.94%
10	CET1 available after meeting the bank's minimum capital	11.57%
Basel III leverage ratio		
11	Total Basel III leverage ratio exposure measure	36%
12	Basel III leverage ratio (%) (Tier 1 Capital / Exposure Measure)	36%
Liquidity Coverage Ratio		
13	Total high-quality liquid assets (HQLA)	3,015,793,262.00
14	Total net cash outflow	2,715,493,606.69
15	LCR (%)	111%
Net Stable Funding Ratio		
16	Total available stable funding	43,976,909,478.50
17	Total required stable funding	34,547,910,265.41
18	NSFR (%)	127%

**COMPOSITION OF REGULATORY CAPITAL
CAPITAL ADEQUACY RETURN AS OF 31ST DECEMBER 2025**

S/N	Particulars	31st December 2025	31st December 2024
a	b	Amount (TZS)	Amount (TZS)
		c	c
1	Common Equity Tier 1 capital (CET1): Instruments and reserves		
2	Fully Paid-up Ordinary shares Capital	21,800,000,000.00	21,800,000,000.00
3	Share Premium arising from Ordinary shares	-	-
4	Retained earnings less foreseeable dividends	- 3,502,104,000.00	- 3,501,004,000.00
5	Other disclosed reserves;	-	-
6	Year to date profits of:		
7	Fifty per cent of the year to date profits less foreseeable dividends where accounts are unaudited or;		
8	One hundred percent of the year to date profits, less foreseeable dividends, where accounts have been audited subject to submission of the signed accounts to the Bank;	399,692,000.00	412,055,000.00
9	CET 1 before Regulatory Adjustments	18,697,588,000.00	18,711,051,000.00
10	Regulatory adjustments applied to CET1:	846,410,000.00	547,274,000.00
11	Year to date losses;	-	-
12	Goodwill;	-	-
13	Other intangible assets;	-	-
14	Deferred tax assets that rely on future profitability;		
15	The amount of items where entities with which the bank has reciprocal cross holdings of Common Equity Tier 1 instrument that the Central Bank considers to have been designed to inflate artificially the own funds of the bank;	-	-
16	The amount of items required to be deducted from Additional Tier 1 items that exceed the Additional Tier 1 capital of the bank.		
17	Pre-paid expenses;	846,410,000.00	547,274,000.00
18	Pre-operating expenses.		
19	Available Common Equity Tier 1	17,851,178,000.00	18,163,777,000.00
20	Additional Tier 1 Capital		
21	Non-cumulative Irredeemable Preference Shares	-	-
22	Share Premium arising from Non-cumulative Irredeemable Preference Shares	-	-
23	Other Qualifying Additional Tier-1 capital instruments plus any related share premium	-	-
24	Additional Tier 1 Capital before regulatory adjustments	-	-
25	Regulatory adjustment applied to Additional Tier 1 capital	-	-
26	The amount of items required to be deducted from Tier 2 items that exceed the Tier 2 capital of the	-	-
27	Other Items Qualifying to be deducted from Additional Tier-1 Capital.	-	-
28	Available Additional Tier 1 Capital	-	-
29	Available Tier 1 Capital	17,851,178,000.00	18,163,777,000.00
30	Tier 2 Capital		
31	Qualifying Tier 2 capital instruments and subordinated loans that meet the conditions stipulated by the Bank.		
32	Share premium arising from capital instruments and subordinated loans qualifying as Tier 2 Capital	-	-
33	Instruments issued by consolidate subsidiaries and held by third parties that met the criterias stipulated by the Bank.	-	-
34	General provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	-	-
35	Available Tier 2 Capital	-	-
36	TOTAL CAPITAL (Tier Capital plus Tier 2 Capital).	17,851,178,000.00	18,163,777,000.00
37	Total Risk Weighted Assets (RWA) as BOT FORM 16-1 Schedule 15 (SUMMARY)	24,641,789,441.73	21,834,158,029.87
38	Capital Ratios and buffers (in percentage of risk weighted assets)		
39	CET1 to total RWA	72.44%	83.19%
40	Tier-1 capital to total RWA	72.44%	83.19%
41	Total capital to total RWA	72.44%	83.19%
42	Capital conservation buffer	63.94%	74.69%
43	Minimum capital requirements prescribed by the Bank of Tanzania		
44	CET1 to total RWA	8.50%	8.50%
45	Tier-1 capital to total RWA	10.00%	10.00%
46	Total capital to total RWA	12.00%	12.00%
47	Capital conservation buffer (Made of Instrument Qualifying to be included in CET1)	2.50%	2.50%

CREDIT QUALITY OF ASSETS AS AT 31 DECEMBER 2025

	Gross carrying values of:		Allowances/ impairments	Net values (a+b-c)
	Defaulted exposures	Non-defaulted exposures		
	a	b	c	d
Loans	1,486,818,000.00	35,506,774,280.76	-394,573,000.00	36,993,592,280.76
Debt securities	-	3,600,403,000.00	-41,000.00	3,600,403,000.00
Off balance sheet items	-	-	0.00	-
Total	1,486,818,000.00	39,107,177,280.76	-394,614,000.00	40,593,995,280.76

STANDARDIZED APPROACH – CREDIT RISK EXPOSURE AND CREDIT RISK MITIGATION EFFECTS AS AT 31 DECEMBER 2025

SN	Asset classes	a	b	c		d	e		f
		Exposures before CCF and CRM		Exposures post-CCF and post-CRM		RWA and RWA density			
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount		RWA		RWA density
1	Sovereigns and their central banks								
2	Non-central government public sector entities								
3	Multilateral development banks								
4	Banks and financial institutions								
5	Corporates and securities firms								
6	Retail								
7	Real estate	36,993,592,000.00		36,993,592,000.00					
8	Defaulted exposures	1,744,739,391.81		1,744,739,391.81					
9	Other assets	1,095,554,000.00		1,095,554,000.00					
10	Total	39,833,885,391.81		39,833,885,391.81			23,432,348,626.73		59%

STANDARDIZED APPROACH - EXPOSURE BY ASSET CLASSES AND RISK WEIGHTS AS AT 31 DECEMBER 2025

	20%	25%	30%	40%	50%	70%				Total credit exposure amount (post-CCF and post-CRM)
Residential real estate					36,993,592,000.00					
Commercial real estate					-					
							100%	150%		Total credit exposure amount (post-CCF and post-CRM)
Defaulted exposures						1,744,739,391.81				
							100%	150%	1250%	Total credit exposure amount (post-CCF and post-CRM)
Other assets	0%	20%				1,095,554,000.00				

QUALITATIVE DISCLOSURES RELATED TO CREDIT QUALITY OF THE ASSETS AS AT 31 DECEMBER 2025

Past Due means a credit accommodation with specific repayment dates shall be considered as past due in its entirety if any of its contractual obligation for payment has become due and unpaid.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the company under the contract and the cash flows that the Group expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

The Company calculates ECL by projecting the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD) for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e., the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed up.

The Company records an allowance for expected credit loss for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section, all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit losses or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit losses (12mECL) as outlined in Note 6.14.2. The Company's policies for determining if there has been a significant increase in credit risk.

The 12mECL is the portion of LTECL that represent the ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECL and 12mECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Company's policy for grouping financial assets measured on a collective basis.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. For the purposes of determining ECL, all facilities whose contractual payments are more than 30 days due but less than or equal to 90 days due are grouped in stage 2 as they are taken to have experienced a significant increase in credit risk.

As part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as stage 3 for ECL calculations or whether stage 2 is appropriate. Based on the above process, the Company groups its loans into Stage 1, Stage 2, and Stage 3 as described below:

- Stage 1: When loans are first recognized, the Company recognizes an allowance based on 12-month ECL. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the Lifetime ECL. Stage 2 loans also include facilities, where the credit risk has improved, and the loan has been reclassified from Stage 3.

- Stage 3: Loans considered credit-impaired. The Bank records an allowance for the Lifetime ECL.
- POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit adjusted EIR. The ECL allowance is only recognised or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

Restructured loans are credit accommodation whose terms and conditions have been modified in terms of repayment period, repayable amount, installments or rate of interest due to economic or other reasons relating to the borrower's financial difficulty.

QUANTITATIVE - ADDITIONAL DISCLOSURES RELATED TO CREDIT QUALITY OF ASSETS AS AT 31 DECEMBER 2025

The following tables break down the company's main credit exposure as categorised by industry sector, and geographical sectors as of 31 December 2025

(i) Industry sectors

As of 31 December 2025, the industry breakdown shows TZS 9.6 billion for financial institutions and TZS 37 billion for individuals. In comparison, as of 31 December 2024, financial institutions were at TZS 7.1 billion, while individuals were at TZS 34.8 billion.

As at 31 December 2025	Financial Institutions TZS '000	Individuals TZS '000	Total TZS '000
Financial assets			
Cash and balances with banks	954,660	-	954,660
Fixed deposit placements with Banks	3,357,411	-	3,357,411
Investment in Gov't Securities at amortised cost	3,600,403	-	3,600,403
Loans and advances	-	36,993,592	36,993,592
Other assets*	-	249,144	249,144
Equity investment	1,784,200	-	1,784,200
Total financial assets	9,696,674	37,242,736	46,939,410

*Other assets (excludes prepayments as they are not financial assets).

As at 31 December 2024	Financial Institutions TZS '000	Individuals TZS '000	Total TZS '000
Financial assets			
Cash and balances with banks	90,082	-	90,082
Fixed deposit placements with Banks	1,649,382	-	1,649,382
Investment in Gov't Securities at amortised cost	3,601,250	-	3,601,250
Loans and advances	-	34,806,941.00	34,806,941
Other assets*	-	50,106.00	50,106
Equity investment	1,784,200	-	1,784,200
Total financial assets	7,124,914	34,857,047	41,981,961

*Other assets (excludes prepayments as they are not financial assets).

For these tables, the company have allocated exposures based on the country of domicile of its counterparties.

(ii) Geographical sectors

As at 31 December 2025	Tanzania TZS '000	Total TZS '000
Financial assets		
Cash and balances with banks	954,660	954,660
Fixed deposit placements with Banks	3,357,411	3,357,411
Investment in Gov't Securities at amortised cost	3,600,403	3,600,403
Loans and advances	36,993,592	36,993,592
Other assets*	249,144	249,144
Equity investment	1,784,200	1,784,200
Total financial assets	46,939,410	46,939,410

*Other assets (excludes prepayments as they are not financial assets).

As at 31 December 2024	Tanzania TZS '000	Total TZS '000
Financial assets		
Cash and balances with banks	90,082	90,082
Fixed deposit placements with Banks	1,649,382	1,649,382
Investment in Gov't Securities at amortised cost	3,601,250	3,601,250
Loans and advances	34,806,941	34,806,941
Other assets*	50,106	50,106
Equity investment	1,784,200	1,784,200
Total financial assets	41,981,961	41,981,961

*Other assets (excludes prepayments as they are not financial assets).

(iii) Credit quality per segments, industry and asset classes

As at 31 December 2025	Stage 1 TZS '000	Stage 2 TZS '000	Stage 3 TZS '000	Others TZS '000	Total TZS '000
Financial assets					
Cash and balances with banks	954,660	-	-	-	954,660
Fixed deposit placements with Banks	3,357,411	-	-	-	3,357,411
Investment in Gov't Securities at amortised cost	3,600,403	-	-	-	3,600,403
Loans and advances					
Mortgage customers	25,619,049	9,561,983	1,486,818	-	36,667,850
Staff	325,742	-	-	-	325,742
Other assets*	-	-	-	249,144	249,144
Equity investment	-	-	-	1,784,200	1,784,200
Total financial assets	33,857,265	9,561,983	1,486,818	2,033,344	46,939,410
Per Industry segment					
Financial Institutions	7,912,474	-	-	-	7,912,474
Individuals	25,944,791	9,561,983	1,486,818	2,033,344	39,026,936
	33,857,265	9,561,983	1,486,818	2,033,344	46,939,410

*Other assets (excludes prepayments as they are not financial assets).

As at 31 December 2024	Stage 1 TZS '000	Stage 2 TZS '000	Stage 3 TZS '000	Others TZS '000	Total TZS '000
Financial assets					
Cash and balances with banks	90,082	-	-	-	90,082
Fixed deposit placements with Banks	1,649,382	-	-	-	1,649,382
Investment in Gov't Securities at amortised cost	3,601,250	-	-	-	3,601,250
Loans and advances					
Mortgage customers	22,630,959	10,847,696	1,195,033	-	34,673,688
Staff	133,253	-	-	-	133,253
Other assets*	-	-	-	50,106	50,106
Equity investment	-	-	-	1,784,200	1,784,200
Total financial assets	28,104,926	10,847,696	1,195,033	1,834,306	41,981,961
Per Industry segment					
Financial Institutions	5,340,714	-	-	-	5,340,714
Individuals	22,764,212	10,847,696	1,195,033	1,834,306	36,641,247
	28,104,926	10,847,696	1,195,033	1,834,306	41,981,961

*Other assets (excludes prepayments as they are not financial assets).

(iv) An analysis of Loans and advances based on internal rating in relation to mortgage lending is as follows:

As at 31 December 2025	Stage 1 TZS '000	Stage 2 TZS '000	Stage 3 TZS '000	Total TZS '000
Internal rating grade				
Stage 1	26,032,654	-	-	26,032,654
Stage 2	-	9,800,269	-	9,800,269
Stage 3	-	-	1,555,219	1,555,219
Gross carrying amount	26,032,654	9,800,269	1,555,219	37,388,142
ECL allowance	(88,039)	(238,110)	(68,401)	(394,550)
Net Loans and advances to customers	25,944,615	9,562,159	1,486,818	36,993,592
As at 31 December 2024				
Internal rating grade				
Stage 1	22,888,542	-	-	22,888,542
Stage 2	-	11,057,798	-	11,057,798
Stage 3	-	-	1,250,012	1,250,012
Gross carrying amount	22,888,542	11,057,798	1,250,012	35,196,352
ECL allowance	(124,330)	(210,103)	(54,979)	(389,412)
Net Loans and advances to customers	22,764,212	10,847,695	1,195,033	34,806,940

DISCLOSURE ON CREDIT RISK CONCENTRATION AS AT 31 DECEMBER 2025

i) The maximum on balance sheet exposure to credit risk is as shown below:

Financial assets	2025		2024	
	TZS'000	%	TZS'000	%
Balances with Banks	4,312,072	9.19%	1,743,548	4.15%
Investment in Gov't Securities at amortised cost	3,600,403	7.67%	3,601,250	8.58%
Loans and advances - mortgages	36,667,850	78.12%	34,673,688	82.58%
Loans and advances - staff loans	325,742	0.69%	133,253	0.32%
Other assets	249,144	0.53%	50,106	0.12%
Equity investments	1,784,200	3.80%	1,784,200	4.25%
	46,939,411	100%	41,986,045	100%

ii) The Company discloses concentration of credit risk by industry and also by major counterparty as indicated below

Financial institutions	At 31 December 2025		At 31 December 2024	
	TZS'000	%	TZS'000	%
Azania Bank Ltd	2,197,979	4.68%	13,235	0.03%
Other Banks	2,114,093	4.50%	1,726,229	4.11%
Bank of Tanzania	3,600,403	7.67%	3,601,250	8.58%
TMRC	1,784,200	3.80%	1,784,200	4.25%
Individuals				
Loans and advances - mortgages	36,667,850	78.12%	34,673,688	82.59%
Loans and advances - staff loans	325,742	0.69%	133,253	0.32%
Other assets	249,144	0.53%	50,106	0.12%
	46,939,411	100%	41,981,961	100%

The Company's concentration of credit risk is managed by client/counterparty. The maximum credit exposure to any client or counterparty as of 31 December 2025 was TZS 46.94 billion representing 95.89% (2024: TZS 41.99 billion representing 97.22%) of the Company's total assets. The Company held no collateral or other credit enhancements for this exposure.

CREDIT RISK MITIGATION (CRM) TECHNIQUES – OVERVIEW AS AT 31 DECEMBER 2025

	a	b	c
	Exposures carrying amount	Exposures secured by eligible collateral	Exposures not secured by eligible collateral ((a)-(b))
Loans	36,993,592,000.00	36,993,592,000.00	-
Debt securities	3,600,403,000.00	-	3,600,403,000.00
Total	40,593,995,000.00	36,993,592,000.00	
Of which defaulted	1,744,739,391.30	1,744,739,391.30	-

OPERATIONAL RISK – QUALITATIVE DISCLOSURES AS AT 31 DECEMBER 2025

OPERATIONAL RISK

Operational risk is a function of the internal controls, information systems, employee capability and integrity, and operating processes involved in the mortgage banking operation, this may include Mortgage frauds, Poor Underwriting, No Procedures, Improper handling of customer documents. Overstating customer income, non-verification of customer information, Possibility of system failure, and lack of Clear lending process procedures. Board of Directors Shall Approve Operations Risk Policy which ensure Operational risks are identified early before they turn into failures, also ensure there are clear procedures and ICT mechanism to mitigate and minimize the operation risk facing Organization.

RISK APPETITE

Our organization Risk Appetite shall cover the below items:

- i. Setting up Exposure Limits
- ii. Defining Customer Risk Profile Standards
- iii. Setting up of Loan Sanctioning Powers: Standards
- iv. Risk Based pricing
- v. Approval of projects for ADF/CDF/Subvention

GOVERNANCE STRUCTURE AND RESPONSIBILITIES

BOARD OF DIRECTORS

The Board is responsible for ensuring that an appropriate "Risk Culture" is embedded within the Company and the people working for it

- i. Boards of directors have ultimate responsibility for the level of risk taken by their institutions.
- ii. Accordingly, they should approve the overall business strategies and significant policies of their institutions
- iii. Ensure that senior management is fully capable of managing the activities that their institutions conduct
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- v. Developing risk tolerance limits for Senior Management and board approval
- vi. Monitoring positions against approved risk tolerance limits
- vii. Reporting results of risk monitoring to Senior Management and the board.

INDEPENDENT REVIEWER (INTERNAL AUDITOR, EXTERNAL AUDITORS OR ANY OTHER PERSON(S) WHO SHOULD BE INDEPENDENT FROM RISK TAKING UNITS).

- i. Whether the institution's risk management system is appropriate to the nature, scope, and complexity of the institution and its activities
- ii. Whether the institution has an independent risk management function
- iii. Whether the board of directors and senior management are actively involved in the risk management process
- iv. Whether policies, controls and procedures concerning risk management are well documented and complied with
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OPERATIONAL RISK - QUANTITATIVE DISCLOSURE AS AT: 31ST DECEMBER 2025

GROSS INCOME YEAR (2025)

(Net Interest Income Plus Non interest Income)

Net Interest Income (As per Audited Accounts)	Year -1 (2023)	Year-2 (2024)	Year-3 (2025)
1. INTEREST INCOME	4,833,462,000.00	6,076,883,000.00	6,930,420,000.00
2. INTEREST EXPENSE	(1,487,940,000.00)	(2,192,966,000.00)	(2,977,922,000.00)
3. NET INTEREST INCOME (1 less 2)	3,345,522,000.00	3,883,917,000.00	3,952,498,000.00
Earning Assets			
Bank Placements	3,240,959,000.00	1,649,382,000.00	3,357,412,000.00
Investments in Government Securities	3,600,562,000.00	3,601,250,000.00	3,600,403,000.00
Investments in Loans and Advances	34,806,941,000.00	34,806,941,000.00	36,993,592,000.00
Total Interest Bearing Assets	41,648,462,000.00	40,057,573,000.00	43,951,407,000.00
BOT - PROPOSAL (Modified Basic Indicator Approach)			
Gross income is equal to Net Interest Income compared to 2.25% of Interest Bearing Assets and take the lesser of Net Interest Income and then add to Non- Interest Income	937,090,395.00	901,295,392.50	988,906,657.50
NON-INTEREST INCOME	205,398,000.00	270,687,000.00	324,945,000.00
Gross Income - Year 1, 2 & 3	1,142,488,395.00	1,171,982,392.50	1,313,851,657.50

Particulars	Amount
b	c
Gross Income - Year 1	1,142,488,395.00
Gross Income - Year 2	1,171,982,392.50
Gross Income - Year 3	1,313,851,657.50
Total	3,628,322,445.00
Average	1,209,440,815.00
Alpha	12%
Capital Charge (Average*risk factor)	145,132,897.80
Conversion Factor	8.33
Risk Weighted Assets for Operational Risk	1,209,440,815.00

QUANTITATIVE DISCLOSURES - MARKET RISK AS AT 31 DECEMBER 2025

	Capital charge in simplified standardized method
Interest rate risk	230,427,610.00
Equity risk	570,944,000.00
Foreign exchange risk	4,050,043.40

INTEREST RATE RISK AS AT 31 DECEMBER 2025

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on all interest-bearing financial assets and liabilities affected. With all other variables held constant, a change in interest rates by +/- 150 basis points on all interest-bearing financial assets and liabilities would have resulted in lower/higher results before tax and equity by TZS 230.4 million (2024: TZS 250.2 million).

	2025	2024
	TZS	TZS
Total interest-bearing financial assets	43,951,407,000	40,057,573,000
Total interest-bearing financial liabilities	28,589,566,000	23,375,945,000
Interest rate Gap	15,361,841,000	16,681,628,000
Impact of interest rate rise by additional 1.5%	<u>230,427,610.00</u>	<u>250,224,420.00</u>

LEVERAGE RATIO AS AT 31ST DECEMBER 2025

S/N	Particulars	Amount
a	b	c
1	Total Assets as calculated under BOT FORM 16-1 to be submitted Monthly (Line item 77)	48,952,522,719.91
2	Total Off Balance Sheet Exposures as calculated under BOT FORM 16-1 Schedule 15(ii) NEW (Line item 53)	
3	Total Exposure Measure (Item 1 plus 2)	48,952,522,719.91
4	Tier 1 Capital as calculated under BOT Form 16-1 (Schedule 10(i)) NEW (Line item 28)	17,851,178,000.00
5	Leverage Ratio	36.47%

LIQUIDITY COVERAGE RATIO (LCR) AS AT : 31ST DECEMBER 2025

S/NO	PARTICULARS	Outstanding Amount	Factor	Net Amount
a	b	c	d	e
1	Stock of High Quality Liquid Assets (HQLA)			
2	Cash (notes and coins)	956,229,000	100%	956,229,000
3	Balances with Bank of Tanzania to the extent that these balances can be drawn down in times of stress ¹	0	100%	0
4	Balances with Other banks and Interbank Loan Receivable callable on demand or with a maturity of less than 30 days	1,659,564,262	100%	1,659,564,262
5	Unencumbered Government securities maturing within 1 year	0	95%	0
6	Unencumbered Government securities maturing after 1 year	500,000,000	80%	400,000,000
7	Total high quality liquid assets	3,115,793,262		3,015,793,262
8	Cash Outflows	0		0
9	Demand deposits	0	10%	0
10	Savings deposits	0	10%	0
11	Time deposits (maturing in 30 days)	2,125,167,000	100%	2,125,167,000
12	Deposits from banks and financial institutions (maturing in 30 days)	0	100%	0
13	Derivatives cash outflows (sum of all net cash outflows due within 30 days)	0	100%	0
14	All other contractual cash outflows (maturing in 30 days)	590,613,720	100%	590,613,720
15	Undrawn and unexpired overdrafts	0	30%	0
16	Undrawn balances of loans	0	10%	0
17	Other contingent funding liabilities (such as guarantees and letters of credit)	0	5%	0
18	Total cash outflows	2,715,780,720		2,715,780,720
19	Cash Inflows			
20	Loans and advances (maturing within 30 days)	574,226	50%	287,113
21	Due from banks and financial institutions (maturing in 30 days)	0	100%	0
22	All other contractual cash inflows (maturing in 30 days)	0	100%	0
23	Net derivatives cash inflows	0	100%	0
24	Total cash inflows	574,226		287,113
25	Total net cash outflows = Total cash outflows minus the lower of total cash inflows and 75% of gross outflows			2,715,493,607
26	Liquidity Coverage Ratio =(Total high quality liquid assets)/(Total net cash outflows)	0		111%

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

PARTICULARS	Carrying Amount	Factor	Weighted Amount(B*C)
b	c	d	e
Available Stable Funding (ASF)			
Common equity Tier 1	17,851,178,000.00	100%	17,851,178,000.00
Additional Tier 1	-	100%	-
Tier 2 Capital (excluding Tier 2 instruments with residual maturity of less than one year)	-	100%	-
Borrowings and liabilities with maturities of one year or more	26,079,795,000.00	100%	26,079,795,000.00
Stable demand and/or term deposits from retail and small business customers with residual maturity of less than one year.	-	95%	-
Less stable demand and/or term deposits from retail and small business customers with residual maturity of less than one year.	-	90%	-
Funding with residual maturity of less than one year provided by non-financial corporate customers	-	50%	-
Operational Deposits	-	50%	-
Funding with residual maturity of less than one year from sovereigns, public sector entities (PSEs), and multilateral and national development banks	-	50%	-
Other funding maturing within a period of six months to one year and not included in the line items above, including funding provided by central banks and financial institutions, including banks within the same cooperative network	-	50%	-
Deferred tax liabilities (if the effective maturity of the liability greater than one year).	45,936,478.50	100%	45,936,478.50
Deferred tax liabilities maturing within a period of six months to one year.	-	50%	-
Deferred tax liabilities maturing within six months.	-	50%	-
Minority Interest – If perpetual or with effective maturity of greater than or equal to one year	-	100%	-
Minority Interest with residual maturity between six months and less than one year.	-	50%	-
Minority Interest with effective maturity of less than six months.	-	0%	-
All other liabilities and equity not included in the above categories, including liabilities without a stated maturity.	-	0%	-
NSFR derivative liabilities net of NSFR derivative assets if NSFR derivative liabilities are greater than NSFR derivative assets	-	0%	-
NSFR derivative liabilities (derivative liabilities less total collateral posted as variation margin on derivative liabilities).	-	0%	-
"Trade date" payables arising from purchases of financial instruments, foreign currencies	-	0%	-
Total Available Stable Funding (ASF) [sum (1)-(21)]			43,976,909,478.50
Required Stable Funding (RSF)			
On-balance sheet			
Cash	956,229,000.00	0%	-
Balances with Bank of Tanzania (All balances including Statutory Minimum Reserve).	-	0%	-
Claims on Bank of Tanzania with residual maturities of less than six months.	-	0%	-
Receivables arising from sales of financial instruments and foreign currencies.	-	0%	-
Unencumbered HQLA excluding cash and balance with the Bank of Tanzania.	-	5%	-
Unencumbered loans to banks and financial institutions with residual maturities of less than six months, where the loan is secured against Level 1 assets, where a bank or financial institution has the ability to freely rehypothecate the received collateral	-	10%	-
All other unencumbered loans to banks and financial institutions with residual maturities of less than six months not included in the above categories.	-	15%	-
HQLA encumbered for a period of six months or more and less than one year.	4,713,641.00	50%	2,356,820.50
Loans to Bank of Tanzania, banks and financial institutions with residual maturities between six months and less than one year.	-	50%	-
Deposits held at other banks and financial institutions for operational purposes	1,659,564,262.00	50%	829,782,131.00
All other assets not included in the above categories with residual maturity of less than one year.	-	50%	-
Unencumbered residential mortgages with a residual maturity of one year or more and with a risk weight of less than or equal to 75%.	13,622,707,674.54	65%	8,854,759,988.45
Other unencumbered loans not included in the above categories, excluding loans to banks and financial institutions, with a residual maturity of one year or more and with a risk weight of less than or equal to 50%.	-	65%	-
Cash, securities or other assets posted as initial margin for derivative contracts and cash or other assets provided to contribute to the default fund of a Central Counter Party.	-	85%	-
Other unencumbered performing loans with risk weights greater than 50% and residual maturities of one year or more, excluding loans to banks and financial institutions.	-	85%	-
Unencumbered securities that are not in default and do not qualify as HQLA with a remaining maturity of one year or more and exchange-traded equities	-	85%	-
Physical traded commodities, including gold	-	85%	-
All other assets that are encumbered for a period of one year or more	1,095,554,000.00	100%	1,095,554,000.00
Derivative assets net of derivative liabilities if derivative assets are greater than derivative liabilities.	-	100%	-
All other assets not included in the above categories, including non-performing loans, loans to banks and financial institutions with a residual maturity of one year or more, non-exchange-traded equities, fixed assets, items deducted from regulatory capital, retained interest, insurance assets, subsidiary interests and defaulted securities.	23,765,457,325.46	100%	23,765,457,325.46
Off-balance sheet			
Irrevocable and conditionally revocable credit and liquidity facilities to any client	-	5%	-
Unconditionally revocable credit and liquidity facilities	-	5%	-
Trade finance-related obligations (including guarantees and letters of credit)	-	1%	-
Guarantees and letters of credit unrelated to trade finance obligations	-	1%	-
Other non-contractual obligations	-	1%	-
All other off balance-sheet obligations not included in the above categories.	-	5%	-
Total Required Stable Funding (RSF) [sum (22)-(47)]			34,547,910,265.41
Net Stable Funding Ratio = (Total available stable funding)/(Total required stable funding) [B/D]			127%

