

NCBA BANK TANZANIA LIMITED
MARKET DISCIPLINE DISCLOSURE
FOR THE YEAR ENDED 31 DECEMBER 2025

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

1. CREDIT RISK RELATED DISCLOSURES

Credit risk is the risk that a counterparty will fail to meet its contractual obligations, resulting in a financial loss to the Bank. Credit risk arises principally from loans and advances to customers, balances with banks and other financial institutions, government securities, investment securities, and off-balance sheet exposures such as guarantees and letters of credit. The Bank manages credit risk through a clearly defined credit approval process, ongoing credit monitoring, portfolio diversification, and impairment assessment in accordance with International Financial Reporting Standard 9 (IFRS 9).

1.1 Our Business Model

The Bank's credit risk profile is primarily driven by its deposit-funded lending business, comprising retail, SME and corporate banking, complemented by asset finance, trade finance and off-balance-sheet exposures such as guarantees and letters of credit. Credit risk therefore arises mainly from loans and advances to customers, investments in debt securities, and contingent credit commitments.

The composition of the loan portfolio reflects the Bank's strategic focus on diversified customer segments and economic sectors, which results in varying risk characteristics in terms of exposure size, tenor, collateral coverage and sensitivity to macro-economic conditions. Corporate and SME exposures are typically larger and more sector-specific, while retail exposures are more granular and shorter-dated.

Credit risk is managed within a robust Enterprise Risk Management Framework (ERM) aligned to a Board-approved risk appetite. This framework governs credit origination, approval, monitoring and recovery processes, supported by defined sector limits, collateral requirements and independent credit oversight. The Board Credit Committee provide strategic and transactional oversight of the credit portfolio.

Overall, the business model translates into a credit risk profile that is diversified, prudently managed and supported by strong capital adequacy providing sufficient capacity to absorb credit losses while supporting sustainable growth.

1.2 Credit Risk Management Policy and Limits

The Bank's credit risk management policy is established by the Board and aligned to its strategic objectives, regulatory requirements and Board-approved risk appetite. The policy defines governance arrangements, underwriting standards and risk assessment criteria for identifying, measuring, approving, monitoring and controlling credit risk across all products and customer segments. Credit risk limits are set to manage concentration risk and ensure exposures remain within acceptable risk tolerances, taking into account portfolio diversification, capital adequacy and stress-testing outcomes.

Limits are applied at obligor, group, sector, product and portfolio levels, with defined approval authorities and escalation procedures. Compliance with approved limits is monitored on an ongoing basis, with periodic reviews to reflect changes in the operating environment, portfolio performance and regulatory expectations.

1.3 Structure and organization of the credit risk management and control function

Credit risk management is embedded within the Bank's Enterprise Risk Management framework and operates under the oversight of the Board of Directors, supported by the Board Credit Committee and the Board Audit and Risk Committee. An independent, centralized Credit Risk function, separate from business origination, is responsible for credit assessment, risk grading, portfolio monitoring and oversight of impairment in line with IFRS 9. Credit approvals are governed by defined delegated authorities, with material or higher-risk exposures escalated to management committees or the Board. Post-approval credit administration and monitoring are performed independently to ensure effective segregation of duties, while Internal Audit provides independent assurance over the effectiveness of the credit risk management and control framework.

1.4 Functions and Responsibilities for Credit Risk Management

Credit risk management operates within a coordinated risk governance framework that ensures clear roles, independence and effective oversight across control functions.

The Credit Risk Management function is responsible for the identification, assessment, monitoring and reporting of credit risk, and works closely with the Enterprise Risk management function to ensure alignment with the Board-approved risk appetite, policies and limits.

The Compliance function provides independent oversight to ensure that credit activities adhere to applicable laws, regulations and internal policies, and advises management on regulatory developments affecting credit risk.

Internal Audit operates independently of both management and risk-taking functions and provides periodic, risk-based assurance on the adequacy and effectiveness of credit risk management, risk control and compliance processes, with findings reported directly to senior management and the Board through the appropriate committees.

1.5 Past-Due, Impaired & Defaulted Exposures and Impairment Methodology

▪ Past-Due Exposures:

An exposure is considered past due when a counterparty has failed to make a contractually agreed payment of principal or interest by the due date, and the obligation remains unpaid beyond the applicable grace period. Past-due status is assessed on a facility-by-facility basis and monitored through the Bank's credit monitoring systems.

▪ Impaired Exposures:

An exposure is considered impaired when one or more loss events have occurred that have a detrimental impact on the estimated future cash flows of the asset. Impaired exposures typically include facilities classified as credit-impaired (Stage 3) under IFRS 9, reflecting objective evidence of default or unlikelihood to pay.

For accounting purposes, default is generally presumed when an exposure is 90 days or more past due, or earlier if the Bank determines that the obligor is unlikely to meet its credit obligations in full without recourse to collateral realisation. For regulatory purposes, the definition of default is aligned to prudential guidelines and is broadly consistent with the accounting definition, with no material differences in application. Accordingly, the Bank applies a harmonised approach to default recognition for both accounting and regulatory reporting.

▪ **Past-Due Exposures (More Than 90 Days) Not Considered Impaired:**

Exposures more than 90 days past due may, in certain cases, not be classified as impaired where they are fully collateralised, the arrears arise from temporary cash-flow timing issues, or are subject to documented remediation or restructuring arrangements without evidence of permanent credit deterioration. Such exposures are placed under enhanced monitoring and are reviewed regularly to assess whether impairment indicators subsequently emerge.

▪ **Restructured Exposures:**

A restructured exposure refers to a credit facility whose original contractual terms have been modified due to the borrower's actual or expected financial difficulties, with the aim of enhancing recoverability. Such modifications may include amendments to repayment terms, interest rates, tenors, grace periods or the rescheduling of arrears, and are subject to appropriate approval and supporting documentation.

Restructured exposures are closely monitored to assess post-restructuring performance and may be classified as Stage 2 or Stage 3 depending on the extent of credit deterioration and the success of remedial actions.

▪ **Methods Used for Determining Impairments:**

Impairment of financial assets is assessed in accordance with IFRS 9 Expected Credit Loss (ECL) methodology. The Bank applies a three-stage impairment model:

- ✓ **Stage 1:** Performing assets without a significant increase in credit risk, for which 12-month ECL is recognised;
- ✓ **Stage 2:** Assets that have experienced a significant increase in credit risk since initial recognition, for which lifetime ECL is recognised;
- ✓ **Stage 3:** Credit-impaired assets, for which lifetime ECL is recognised and interest income is calculated on a net basis.

ECL assessments incorporate probability of default, loss given default and exposure at default, together with forward-looking macro-economic information. Qualitative factors, including covenant breaches, restructuring status, days past due, early alert indicators and management judgement, are applied in determining stage classification and impairment levels.

1.6 Credit Risk mitigation techniques

▪ **On- and Off-Balance Sheet Netting**

The Bank maintains policies and procedures governing the use of on- and off-balance sheet netting as a credit risk mitigation technique. Netting is applied only where there is a legally enforceable right to set off recognised balances and the Bank intends either to settle on a net basis or to realise the asset and settle the liability simultaneously, in line with applicable accounting and regulatory requirements.

In practice, the use of netting is limited and arises primarily in relation to customer deposits offset against loan exposures, interbank balances, and certain off-balance sheet positions where contractual set-off arrangements exist. The Bank does not rely extensively on netting arrangements to manage credit risk; instead, netting is used as a supplementary risk mitigant and is applied conservatively after legal confirmation of enforceability and internal approval.

▪ **Collateral Evaluation and Management**

The Bank has established comprehensive collateral evaluation and management policies designed to mitigate credit risk and support recoverability. Collateral is required where appropriate based on the borrower's risk profile, facility structure, tenor and product type, and is taken into account in credit approval, pricing and limit setting.

Key features of the collateral management framework include:

- Acceptance of a range of eligible collateral types, including cash margins, deposits, bank guarantees, real estate, movable assets and other enforceable securities.
- Independent valuation of collateral by approved valuers prior to initial acceptance, with revaluations performed periodically or when impairment indicators arise.
- Application of appropriate haircuts and forced-sale values to reflect collateral quality, liquidity and market conditions.
- Centralised collateral documentation, perfection and custody controls to ensure enforceability and timely realisation where required.
- Ongoing monitoring of collateral coverage as part of post-disbursement credit reviews, watchlist processes and early alert monitoring.

Collateral values and coverage ratios are reviewed regularly and reported to management and the Board Credit Committee as part of credit portfolio monitoring. Where collateral shortfalls are identified, remedial actions are initiated, including additional security, restructuring or enhanced monitoring, to ensure alignment with the Bank's credit risk appetite.

▪ **Risk Concentration Considerations**

The Bank uses a range of credit risk mitigation instruments, primarily collateral and guarantees, to reduce credit risk exposures. In applying these techniques, the Bank monitors and manages risk concentrations that may arise from reliance on specific types of guarantors or collateral. Guarantor-related concentration risk is monitored by guarantor type, including sovereign and public-sector entities, corporate guarantees, financial institutions, and individual guarantors.

The Bank limits excessive reliance on single guarantors or closely related counterparties.

Collateral concentration risk is assessed by collateral type, with common forms including cash, government securities, residential and commercial property, fixed and movable assets, and financial guarantees. The Bank recognises that certain collateral types may be exposed to correlated market risks, such as property price movements or sector-specific volatility. To mitigate this risk, conservative valuation practices, regular revaluations, and appropriate haircuts are applied, particularly for non-cash collateral.

The Bank avoids undue risk concentration by combining collateral and guarantees with borrower cash-flow assessments rather than relying solely on mitigants.

1.7 Credit Risk Exposure and Management Reporting

The Bank provides monthly and structured credit risk reports to Executive Management and the Board through management committees and the Board Credit Committee.

Reporting covers the overall credit risk profile and portfolio performance, including on- and off-balance sheet exposures, portfolio growth, asset quality indicators such as non-performing loans (NPLs), portfolio at risk (PAR), watchlist and early alert accounts, IFRS 9 impairment levels and coverage, sectoral and single-obligor concentrations, limit utilisation and compliance with regulatory and internal risk appetite thresholds.

Reporting also include pipeline developments, approvals under delegated authorities, covenant compliance, stressed and higher-risk exposures, remedial and recovery actions, restructuring and write-off proposals, as well as material emerging risks affecting the credit portfolio. This reporting framework supports effective oversight, informed decision-making and monitoring of adherence to the Bank's credit risk management policies and risk appetite.

1.8 Credit Quality of assets

The table below summarises the Bank's gross credit exposures, related impairment allowances and resulting net carrying amounts, analysed between defaulted and non-defaulted exposures across loans, debt securities and off-balance sheet items, in line with IFRS 9 and regulatory definitions.

	a	b	c	d = a+b-c
Gross carrying values as at 31-Dec-25	Defaulted exposures	Non-defaulted exposures	Allowances/ impairments	Net values
	TZS'Mn	TZS'Mn	TZS'Mn	TZS'Mn
Loans	9,075	301,413	11,381	299,107
Debt securities*	-	85,302	91	85,211
Off balance sheet items	-	47,370	34	47,336
Total	9,075	434,085	11,472	431,688

* Debt securities have been presented net of any accrued interest receivable.

1.9 Credit risk exposure and credit risk mitigation effects

The table below presents the Bank's credit risk exposures by asset class, showing on- and off-balance sheet exposures before and after application of credit conversion factors (CCF) and credit risk mitigation techniques (CRM), together with the resulting risk-weighted assets (RWA) and RWA density as at 31 December 2026. Exposures are reported in accordance with regulatory capital requirements and reflect the application of standardised risk weights by counterparty type under BASEL III.

Sno	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	Off-balance sheet	On-balance sheet	Off-balance sheet	RWA	RWA density
1	Sovereigns and their central banks	25,353	-	25,353	-	-	0%
2	Non-central government public sector entities	35,088		35,088	-	35,088	100%
3	Multilateral development banks	-	-	-	-	-	0%
4	Banks and financial institutions	89,452		89,452		50,316	56%
5	Corporates and securities firms	164,538	44,119	164,538	28,867	174,331	90%
6	Retail	59,279	3,251	27,414	3,251	30,665	100%
7	Real estate	12,999	-	12,999	-	3,250	25%
8	Defaulted exposures *	1,850	-	1,850		2,774	150%
9	Other assets	41,938	-	41,938		21,136	50%
10	Total	430,497	47,370	398,632	32,118	317,560	

* Defaulted exposure as presented here relate to exposures for which the specific provision of the exposure is less than 20% of outstanding amount.

1.10 Breakdown of exposures by industry and residual maturity

The table below shows the Bank's gross credit exposures analysed by industry sector and residual maturity, including current and past-due positions across defined ageing bands as at 31 December 2026. The analysis provides insight into the tenor profile of exposures and the distribution of credit risk across sectors over time, in line with regulatory disclosure requirements.

Description (Amount in TZS Mn)	Current	1 - 30 days	31-60 days	61 - 90 days	91 - 180 days	181days - 1 Year	1 - 2 Years	2 - 3 Years	3-5 Years	Over 5 Years	Total
Building & construction	451	1,237	-	-	-	5	17,105	-	121	-	18,919
Education	-	43	-	-	-	-	-	-	-	-	43
Electricity	35	-	-	-	-	-	-	-	-	-	35
Financial and Insurance	2,263	-	-	-	1	9,846	131	4,086	7,654	-	23,980
Gas	4,241	5,558	1,175	-	366	1,470	21,434	-	-	29,097	63,341
Health	-	-	-	-	60	94	-	-	-	-	154
Hotels and Restaurants	524	-	-	46	37	61	-	-	9,311	-	9,979
Manufacturing	9,597	2,923	2,094	1,854	2,124	168	-	4,409	9,624	5,048	37,840
Mining and quarrying	170	17	-	-	-	-	1,879	868	-	-	2,934
Mortgage	-	-	-	-	-	-	76	30	1,726	9,203	11,035
Other Services	-	345	240	-	122	-	-	-	-	25,353	26,060
Personal	6,582	6,195	1,041	652	4,437	751	4,480	1,769	8,620	9,394	43,920
Real Estate	1,108	-	-	-	-	-	278	-	11,603	9,434	22,422
Tourism	0	-	-	-	36	-	-	122	594	-	751
Trade & repairs	6,043	3,132	1,443	583	502	2,994	9,095	3,373	4,919	435	32,518
Transport	786	82	670	113	1,015	1,451	7,097	2,565	2,776	-	16,556
Total	31,799	19,532	6,664	3,248	8,699	16,840	61,574	17,221	56,948	87,963	310,488

1.11 Breakdown of net exposures by geographical areas

The table below presents the breakdown of net exposures by geographical area. Only regions with active exposures has been presented.

Geographical Area TZS'Mn	Current	1 - 30 days	31-60 days	61 - 90 days	91 - 180 days	181 Days - 1 Year	1 - 2 Years	2 - 3 Years	3-5 Years	Over 5 Years	Total
Arusha	364	50	6	41	83	2,532	2,167	1,079	1,618	364	7,938
Coastal	-	-	-	-	-	-	-	-	-	-	-
Dar es Salaam	31,381	19,415	6,642	3,204	8,328	14,093	58,945	13,695	52,536	87,682	295,921
Mwanza	55	67	16	2	289	213	452	2,425	2,637	-	6,157
Unguja	-	-	-	-	-	1	11	22	157	281	472
Total	31,799	19,532	6,664	3,247	8,700	16,840	61,574	17,221	56,948	87,964	310,488

*Dar es salaam is inclusive of all loans disbursed digitally under the MPAWA product

1.12 Impaired exposures and related allowances (ECL) by industry

31-Dec-25	Exposure	Allowance (ECL)
Industry	TZS'Mn	TZS'Mn
Building & construction	21	21
Mortgage	3,118	4,622
Personal	5,231	595
Trade	168	86
Transport & Communication	536	204
Total	9,075	5,528

1.13 Impaired exposures and related allowances (ECL) by geographical area

31-Dec-25	Exposure	Allowance (ECL)
Geographical Area	TZS'Mn	TZS'Mn
Arusha	73	66
Dar es Salaam	8,790	5,447
Mwanza	203	6
Unguja	9	9
Total	9,075	5,528

1.14 Aging analysis of account past-due exposures

The table below presents the aging analysis of account exposures past due as at 31 December 2026.

Past Due Band	Loans Balances (Tzs'mn)
1 - 30	91,266
31 - 90	9,185
91 - 180	3,278
181 - 360	834
> 360	242
Total	104,805

1.15 Restructured exposure – Impaired vs Not Impaired

Restructured Type	Exposure	ECL Provision
Restructured Impaired	4,066	149
Restructure Not Impaired	1,610	-
Total	5,676	149

1.16 Credit risk mitigation (CRM) techniques – overview

	a	b	C ((a)-(b))
31 December 2025	Exposures carrying amount	Exposures secured by eligible collateral	Exposures not secured by eligible collateral
	TZS'Mn	TZS'Mn	TZS'Mn
Loans	299,107	46,181	252,926
Debt securities	85,211	5,400	79,811
Total	384,318	51,581	332,737
Of which defaulted: Loans	9,075	-	-
Of which defaulted: Debt securities	-	-	-

* Debt securities have been presented net of any accrued interest receivable.

1.17 Standardized approach – exposures by asset classes and risk weights

The table below presents the distribution of credit exposure amounts by regulatory risk weight as at 31 December 2025, after the application of credit conversion factors (CCF) and credit risk mitigation (CRM). Exposures are classified by counterparty type in line with the applicable prudential guidelines, illustrating the relative risk profile of the Bank's portfolio across standard risk-weight buckets and the resulting total credit exposure amount used for capital adequacy assessment.

Amount in TZS Mn	0%	20%	25%	30%	40%	50%	70%	75%	100%	150%	Total credit exposure amount (post-CCF and post-CRM)
Sovereigns and their central banks	25,353	-	-	-	-	-	-	-	-	-	25,353
Public sector entities	-	-	-	-	-	-	-	-	35,088	-	35,088
Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
Banks and financial institutions	-	41,549	-	-	-	128	-	39,627	-	8,148	89,452
Corporates and securities firms	-	-	-	-	-	-	-	-	146,316	-	146,316
Retail	14,612	-	-	-	-	24,346	-	20,322	-	-	59,279
Residential real estate	-	-	-	-	-	-	-	-	-	-	-
Commercial real estate	-	-	12,999	-	-	-	-	-	-	-	12,999
Defaulted exposures	-	-	-	-	-	-	-	-	-	1,850	1,850
Other assets	20,802	-	-	-	-	-	-	-	21,136	-	41,938

2. OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. This definition includes legal risk but excludes strategic and reputational risk. Operational risk arises across the Bank's activities and includes, among others, risks related to system failures, fraud, process weaknesses, business disruption, and compliance-related events.

2.1 Policies, Frameworks and Guidelines

The Bank manages operational risk through a Board-approved Operational Risk Management Framework, which is aligned with the Bank's risk appetite and integrated within the broader Enterprise Risk Management framework. The framework establishes policies, standards and procedures for identifying, assessing, monitoring and mitigating operational risks arising from people, processes, systems, external events, as well as legal and compliance-related matters.

The framework incorporates key risk management tools and processes, including risk and control self-assessments, operational loss event reporting, key risk indicators, incident management, business continuity planning and internal control standards. These components are subject to periodic review to ensure continued relevance and effectiveness in light of changes in the operating environment, regulatory requirements and the Bank's business activities.

2.2 Functions and Responsibilities for Operational Risk Management

Oversight of operational risk is provided by the Board of Directors through its delegated committees, with responsibility for approving the operational risk framework, risk appetite and key policies.

At management level, Operational Risk Management function is embedded within the Enterprise Risk Management function, separate from business units, to ensure effective challenge and oversight. This function is responsible for the day-to-day coordination of operational risk processes, monitoring risk exposures and supporting control enhancements. Business units retain primary ownership of operational risks and controls within their activities, while Internal Audit provides independent assurance on the adequacy and effectiveness of the operational risk management framework.

2.3 Operational Risk Measurement System Control

The Bank measures operational risk using a combination of qualitative and quantitative tools applied consistently across the organisation. These include internal loss data collection, risk and control self-assessments, scenario analysis and key risk indicators. Operational risk capital requirements are estimated in line with regulatory guidelines, using data from internal systems supplemented by management judgement where appropriate. Systems supporting operational risk measurement are designed to ensure completeness, accuracy and timely reporting of risk events and control indicators.

2.4 Operational risk Reporting

Operational risk is reported monthly to Executive Management, and periodically to the Board Audit & Risk Committee (BARC), within the enterprise risk management framework. The reporting covers key operational risk areas including technology and cyber risk, business continuity, fraud and physical security, customer conduct, data protection, outsourcing, audit findings and regulatory compliance, supported by KRIs, incident trends and remediation status. Material incidents, control breaches or emerging risks are escalated promptly, enabling the Board and senior management to provide effective oversight, challenge management actions and ensure timely risk mitigation

2.5 Operational risk capital

The table below presents the calculation of the Business Indicator (BI) and its sub-components for the years 2023–2025, in line with the regulatory requirements for determining operational risk capital under the Standardised Approach. The BI aggregates the interest, services and financial components derived from the income statement to reflect the scale and complexity of the Bank's activities. The resulting Business Indicator Component (BIC), together with the applicable marginal coefficient and conversion factor, is used to derive risk-weighted assets for operational risk purposes.

	BI and its subcomponents	2025	2024	2023
		TZS'Mn	TZS'Mn	TZS'Mn
1	Interest, lease and dividend component	8,652	9,460	7,965
1a	Interest and lease income	59,910	55,133	48,136
1b	Interest and lease expense	20,777	19,093	17,705
1c	Interest earning assets	8,652	9,460	7,965
1d	Dividend income			
2	Services component	11,695	11,788	8,833
2a	Fee and commission income	11,695	11,788	8,833
2b	Fee and commission expense	847	487	727
2c	Other operating income	24	37	186
2d	Other operating expense	-	-	-
3	Financial component	433	-	-
3a	Net P&L on the trading book	433	-	-
3b	Net P&L on the banking book	-	-	-
4	Business Indicator (BI)	20,780	21,248	16,798
5	Marginal Coefficient (a)	12%	12%	12%
6	Business indicator component (BIC)	2,494	2,550	2,016
7	Conversion Factor (Reciprocal of Total Capital Ratio)	8.33	8.33	8.33
8	Risk Weighted Assets for Operational Risk	20,771	21,239	16,791

3. MARKET RISK

Market risk is the risk of loss arising from adverse movements in market prices, including interest rates, foreign exchange rates, equity prices, and other relevant market variables. The Bank is exposed to market risk primarily through its treasury activities, balance sheet management, and customer-driven transactions. The Bank does not engage in proprietary trading for speculative purposes; market risk exposures are taken to support core banking activities and client needs. The Bank manages market risk within a well-defined framework designed to ensure that exposures remain consistent with the Board-approved risk appetite and regulatory requirements.

3.1 Strategies and processes

The Bank undertakes trading activities primarily to support customer facilitation, balance sheet optimisation and liquidity management, while pursuing sustainable earnings within an approved risk appetite. Market risk exposures arising from trading and banking activities—principally interest rate risk, foreign exchange risk and price risk—are identified, measured, monitored and controlled through the Asset and Liability Management (ALM) framework approved by the Board. Risk measurement techniques include daily mark-to-market valuation, sensitivity analysis, stop-loss triggers, limit monitoring and stress testing for both trading and banking books. Hedging strategies are applied, where appropriate, using approved instruments, with the effectiveness of hedges monitored regularly through sensitivity and performance analysis and reported to ALCO and Executive Management.

The trading function is organised within the Global Markets unit, with segregation between Front Office (trading and ALM execution), Middle Office (risk oversight and limit monitoring) and Back Office (confirmation, settlement and reconciliation) to ensure effective control and independence.

Positions are designated as trading where instruments are held principally for short-term resale, market-making or profit from short-term price movements, and are subject to daily valuation and stop-loss limits. Positions not actively traded and intended to be held for income generation or balance sheet management are classified in the banking book. Stale positions are defined based on approved ageing limits and are subject to enhanced monitoring and escalation. Any deviation from standard classification criteria, or any transfer of instruments between the trading and banking books, requires ALCO approval, is supported by documented rationale, and is reported to Executive Management and the Board through BARC, including the gross fair value and reason for reclassification.

Market risk management is structured under an independent Enterprise Risk Management function, which provides oversight through limit monitoring, stress testing, scenario analysis and reporting, while remaining independent from risk-taking units.

3.2 Governance Structure

The Board of Directors has ultimate responsibility for market risk oversight and approves the ALM Policy, market risk appetite and material exceptions. Oversight is delegated to the Board Audit and Risk Committee (BARC), which reviews market and liquidity risk exposures, policy compliance, limit breaches and stress-testing outcomes. Management-level governance is exercised through the Asset and Liability Management Committee (ALCO), which sets limits, approves hedging strategies, reviews balance sheet positioning and ensures that market risks remain within approved appetite. Executive Management and EXCOM provide ongoing supervision and ensure timely implementation of corrective actions.

3.3 Risk Reporting and Measurement Systems

Market risk is reported through structured daily, weekly and monthly reports generated from core banking and trading systems, including T24 and Calypso. Reporting includes limit utilisation, profit and loss attribution, sensitivities, stress test results, policy breaches and emerging risk trends. Regular reports are submitted to ALCO and EXCOM, with summary and escalated matters presented to BARC, enabling effective oversight, challenge and informed decision-making

3.4 Capital Charge under the Simplified Standardised Method

The table below presents the Bank's capital charge for market risk calculated using the Simplified Standardised Method, in line with applicable regulatory requirements. The capital charge captures exposures arising from interest rate risk and foreign exchange risk within the trading activities, while equity risk was not applicable during the period under review. The total capital charge represents the aggregate regulatory capital required to cover potential losses from adverse movements in market risk factors.

	Capital charge in simplified standardized method
	Amount (TZS Mn)
Interest rate risk	1,023
Equity risk	0
Foreign exchange risk	152
Total Capital Charges	1,175

3.5 Interest Rate Risk in the Banking Book (IRRBB)

IRRBB arises from the sensitivity of the Bank's earnings and economic value to changes in market interest rates on banking-book positions. In line with the ALM Policy, the Bank applies behavioural assumptions for loan prepayments and non-maturity deposits based on product features and observed customer behaviour. IRRBB is measured at least monthly using repricing gap and sensitivity analysis, with results reviewed by ALCO and escalated to Executive Management and the Board as required.

4. LEVERAGE RATIO

The table below sets out the calculation of the leverage ratio in accordance with the Bank of Tanzania (BOT) regulatory framework. The exposure measure comprises total on-balance-sheet assets and applicable off-balance-sheet exposures, while the capital measure is represented by Tier 1 capital. The resulting leverage ratio provides a non-risk-based measure of the Bank's capital adequacy relative to its total exposure

The leverage ratio is the capital measure divided by the exposure measure, expressed as a percentage. The capital measure is Tier 1 capital as defined for the purposes of the Basel III risk-based capital framework and Capital Adequacy Regulations.

In other words, the capital measure for the leverage ratio at a particular point in time is the applicable Tier 1 capital measure at that time.

The exposure measure includes both on-balance sheet exposures and off-balance sheet

S/No	Particulars	Amount (TZS Mn)
a	b	c
1	Total Assets as calculated under BOT FORM 16-1 to be submitted Monthly (Line item 77)	604,040
2	Total Off Balance Sheet Exposures as calculated under BOT FORM 16-1 Schedule 15(ii) NEW (Line item 53)	36,450
3	Total Exposure Measure (Item 1 plus 2)	640,490
4	Tier 1 Capital as calculated under BOT Form 16-1 (Schedule 10(i)) NEW (Line item 28)	94,290
5	Leverage Ratio	14.7%

5. LIQUIDITY COVERAGE RATIO

The table below summarises the Liquidity Coverage Ratio (LCR) calculation in accordance with the regulatory liquidity risk framework. It sets out the composition of the Bank's High-Quality Liquid Assets (HQLA) and the estimation of net cash outflows over a 30-day stress period, after applying the prescribed regulatory run-off and inflow factors. The resulting LCR indicates the Bank's capacity to withstand short-term liquidity stress by maintaining sufficient liquid assets to meet its net cash outflow obligations.

The LCR should be no lower than 100 percent i.e. the stock of high-quality liquid assets should at least equal total net cash outflows over the next thirty calendar days. The amount of inflows that can be used to offset outflows has been capped in the denominator of the LCR. Thus a bank or financial institution must maintain a minimum stock of liquid assets equal to at least 25 percent of the outflows and ensure that banks and financial institutions cannot rely solely on anticipated inflows to meet their liquidity requirement

NO	PARTICULARS	Carrying Amount (TZS' Mn)	Factor	Net Amount (TZS' Mn)
1	Stock of High Quality Liquid Assets (HQLA)	-	0%	-
2	Cash (notes and coins)	13,508	100%	13,508
3	Balances with Bank of Tanzania to the extent that these balances can be drawn down in times of stress ¹	56,575	100%	56,575
4	Balances with Other banks and Interbank Loan Receivable callable on demand or with a maturity of less than 30 days	89,452	100%	89,452
5	Unencumbered Government securities maturing within 1 year	9,021	95%	8,570
6	Unencumbered Government securities maturing after 1 year	70,790	80%	56,632
7	Total high quality liquid assets	239,346		224,737
8	Cash Outflows			
9	Demand deposits	102,914	10%	10,291
10	Savings deposits	52,814	10%	5,281
11	Time deposits (maturing in 30 days)	54,459	100%	54,459
12	Deposits from banks and financial institutions (maturing in 30 days)	85,092	100%	85,092
13	Derivatives cash outflows (sum of all net cash outflows due within 30 days)	-	100%	-
14	All other contractual cash outflows (maturing in 30 days)	3,374	100%	3,374
15	Undrawn and unexpired overdrafts	7,582	30%	2,275
16	Undrawn balances of loans	-	10%	-
17	Other contingent funding liabilities (such as guarantees and letters of credit)	39,788	5%	1,989
18	Total cash outflows	346,023		162,762
19	Cash Inflows			
20	Loans and advances (maturing within 30 days)	51,330	50%	25,665
21	Due from banks and financial institutions (maturing in 30 days)	-	100%	-
22	All other contractual cash inflows (maturing in 30 days)	-	100%	-
23	Net derivatives cash inflows	-	100%	-
24	Total cash inflows	51,330		25,665
25	Total net cash outflows = Total cash outflows minus the lower of total cash inflows and 75% of gross outflows	-		137,097
26	Liquidity Coverage Ratio = (Total high quality liquid assets)/(Total net cash outflows)			164%

6. NET STABLE FUNDING RATIO

The Net Stable Funding Ratio (NSFR) is defined as the amount of available stable funding (ASF) relative to the amount of required stable funding (RSF). The purpose of NSFR is to ensure that banks and financial institutions hold a minimum amount of stable funding based on the liquidity characteristics of their assets and off balance sheet activities over one year horizon.

NO	PARTICULARS	Carrying Amount (TZS'Mn)	Factor	Weighted Amount (TZS'Mn)
1	Available Stable Funding (ASF)			
2	Common equity Tier 1	93,640	100%	93,640
3	Additional Tier 1	650	100%	650
4	Tier 2 Capital (excluding Tier 2 instruments with residual maturity of less than one year)	-	100%	-
5	Borrowings and liabilities with maturities of one year or more	7,299	100%	7,299
6	Stable demand and/or term deposits from retail and small business customers with residual maturity of less than one year.	87,228	95%	82,867
7	Less stable demand and/or term deposits from retail and small business customers with residual maturity of less than one year.	233,916	90%	210,524
8	Funding with residual maturity of less than one year provided by non-financial corporate customers	-	50%	-
9	Operational Deposits	-	50%	-
10	Funding with residual maturity of less than one year from sovereigns, public sector entities (PSEs), and multilateral and national development banks	-	50%	-
11	Other funding maturing within a period of six months to one year and not included in the line items above, including funding provided by central banks and financial institutions, including banks within the same cooperative network	161,014	50%	80,507
12	Deferred tax liabilities (if the effective maturity of the liability greater than one year).	-	100%	-
13	Deferred tax liabilities maturing within a period of six months to one year.	-	50%	-
14	Deferred tax liabilities maturing within six months.	-	50%	-
15	Minority Interest – If perpetual or with effective maturity of greater than or equal to one year	-	100%	-
16	Minority Interest with residual maturity between six months and less than one year.	-	50%	-
17	Minority Interest with effective maturity of less than six months.	-	0%	-

NO	PARTICULARS	Carrying Amount (TZS'Mn)	Factor	Weighted Amount (TZS'Mn)
18	All other liabilities and equity not included in the above categories, including liabilities without a stated maturity.	-	0%	-
19	NSFR derivative liabilities net of NSFR derivative assets if NSFR derivative liabilities are greater than NSFR derivative assets	-	0%	-
20	NSFR derivative liabilities (derivative liabilities less total collateral posted as variation margin on derivative liabilities).	-	0%	-
21	"Trade date" payables arising from purchases of financial instruments, foreign currencies	-	0%	-
22	Total Available Stable Funding (ASF) [sum (1)-(21)]	-	0%	475,487
23	Required Stable Funding (RSF)	-	0%	-
24	On-balance sheet	-	0%	-
25	Cash	13,508	0%	-
26	Balances with Bank of Tanzania (All balances including Statutory Minimum Reserve).	74,825	0%	-
27	Claims on Bank of Tanzania with residual maturities of less than six months.	-	0%	-
28	Receivables arising from sales of financial instruments and foreign currencies.	-	0%	-
29	Unencumbered HQLA excluding cash and balance with the Bank of Tanzania.	79,811	5%	3,991
30	Unencumbered loans to banks and financial institutions with residual maturities of less than six months, where the loan is secured against Level 1 assets, where a bank or financial institution has the ability to freely rehypothecate the received collateral	-	10%	-
31	All other unencumbered loans to banks and financial institutions with residual maturities of less than six months not included in the above categories.	-	15%	-
32	HQLA encumbered for a period of six months or more and less than one year.	-	50%	-
33	Loans to Bank of Tanzania, banks and financial institutions with residual maturities between six months and less than one year.	-	50%	-
34	Deposits held at other banks and financial institutions for operational purposes	49,825	50%	24,913

NO	PARTICULARS	Carrying Amount (TZS'Mn)	Factor	Weighted Amount (TZS'Mn)
35	All other assets not included in the above categories with residual maturity of less than one year.	-	50%	-
36	Unencumbered residential mortgages with a residual maturity of one year or more and with a risk weight of less than or equal to 75%.	6,921	65%	4,499
37	Other unencumbered loans not included in the above categories, excluding loans to banks and financial institutions, with a residual maturity of one year or more and with a risk weight of less than or equal to 50%.	-	65%	-
38	Cash, securities or other assets posted as initial margin for derivative contracts and cash or other assets provided to contribute to the default fund of a Central Counter Party.	-	85%	-
39	Other unencumbered performing loans with risk weights greater than 50% and residual maturities of one year or more, excluding loans to banks and financial institutions.	229,413	85%	195,001
40	Unencumbered securities that are not in default and do not qualify as HQLA with a remaining maturity of one year or more and exchange-traded equities	-	85%	-
41	Physical traded commodities, including gold	-	85%	-
42	All other assets that are encumbered for a period of one year or more	6,875	100%	6,875
43	Derivative assets net of derivative liabilities if derivative assets are greater than derivative liabilities.	-	100%	-
44	All other assets not included in the above categories, including non-performing loans, loans to banks and financial institutions with a residual maturity of one year or more, non-exchange-traded equities, fixed assets, items deducted from regulatory capital, retained interest, insurance assets, subsidiary interests and defaulted securities.	11,615	100%	11,615
45	Off-balance sheet	-	0%	-
46	Irrevocable and conditionally revocable credit and liquidity facilities to any client	-	5%	-

NO	PARTICULARS	Carrying Amount (TZS'Mn)	Factor	Weighted Amount (TZS'Mn)
47	Unconditionally revocable credit and liquidity facilities	-	5%	-
48	Trade finance-related obligations (including guarantees and letters of credit)	39,788	1%	398
49	Guarantees and letters of credit unrelated to trade finance obligations	-	1%	-
50	Other non-contractual obligations	-	1%	-
51	All other off balance-sheet obligations not included in the above categories.	7,582	5%	379
52	Total Required Stable Funding (RSF) [sum (22)-(47)]	-		247,670
53	Net Stable Funding Ratio = (Total available stable funding)/(Total required stable funding) [B/D]	-	0%	192%

7. PRUDENTIAL REGULATORY METRICS

S/n	Metric / (Amount in TZS'Mn)	a	b	c	d	e
		Dec-25	Sep-25	Jun-25	Mar-25	Dec-24
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	93,641	82,224	79,969	77,735	76,026
2	Tier 1	94,291	82,874	80,619	78,385	76,676
3	Total capital	94,291	82,874	80,619	78,385	76,676
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	348,192	360,258	386,047	359,319	345,129
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	26.9%	22.8%	20.7%	21.6%	22.0%
6	Tier 1 ratio (%)	27.1%	23.0%	20.9%	21.8%	22.2%
7	Total capital ratio (%)	27.1%	23.0%	20.9%	21.8%	22.2%
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement (2.5%)	15.1%	11.0%	8.9%	9.8%	10.2%
9	Total of bank CET1 specific buffer requirements (%)	0.0%	0.0%	0.0%	0.0%	0.0%
10	CET1 available after meeting the bank's minimum capital	18.4%	14.3%	12.2%	13.1%	13.5%
	Basel III leverage ratio					
11	Tier 1 Capital	94,291	82,874	80,619	78,385	76,676
	exposure measure	640,489	607,494	590,492	580,515	565,147
12	Basel III leverage ratio (%) (Tier 1 Capital / Exposure Measure)	14.7%	13.6%	13.7%	13.5%	13.6%
	Liquidity Coverage Ratio					
13	Total high-quality liquid assets (HQLA)	224,736	220,325	201,859	153,788	160,659
14	Total net cash outflow	137,096	111,832	112,909	107,134	91,463
15	LCR (%)	163.9%	197.0%	178.8%	143.5%	175.7%
	Net Stable Funding Ratio					
16	Total available stable funding	475,487	450,718	428,929	325,153	324,045
17	Total required stable funding	247,670	265,209	236,315	245,428	308,747
18	NSFR (%)	192.0%	169.9%	181.5%	132.5%	105.0%

8. COMPOSITION OF REGULATORY CAPITAL

The table below summarises the composition of regulatory capital and capital adequacy ratios of the Bank as at 31 December 2025, with comparative figures for 31 December 2024, prepared in accordance with the Bank of Tanzania prudential guidelines. It sets out the key components of Common Equity Tier 1 (CET1), Tier 1 and total capital, the applicable regulatory adjustments, and the resulting capital ratios relative to risk-weighted assets, demonstrating the Bank's capital strength and compliance with minimum regulatory requirements.

	Particulars	Current year 31 Dec 2025	Prior year 31 Dec 2024
		Amount (TZS Mn)	Amount (TZSMn)
No	Common Equity Tier 1 capital (CET1): Instruments and reserves	-	
1	Fully Paid-up Ordinary shares Capital	135,971	135,971
2	Share Premium arising from Ordinary shares	-	
3	Retained earnings less foreseeable dividends	(45,641)	(71,795)
4	Other disclosed reserves;	-	-
5	Year to date profits of:	-	
6	Fifty per cent of the year to date profits less foreseeable dividends where accounts are unaudited or;	-	-
7	One hundred per cent of the year to date profits, less foreseeable dividends, where accounts have been audited subject to submission of the signed accounts to the Bank;	21,819	26,154
8	CET 1 before Regulatory Adjustments	112,149	90,330
9	Regulatory adjustments applied to CET1:	18,508	14,303
10	Year to date losses;	-	-
11	Goodwill;	-	-
12	Other intangible assets;	-	-
13	Deferred tax assets that rely on future profitability;	16,245	10,481
14	The amount of items where entities with which the bank has reciprocal cross holdings of Common Equity Tier 1 instrument that the Central Bank considers to have been designed to inflate artificially the own funds of the bank;	-	-
15	The amount of items required to be deducted from Additional Tier 1 items that exceed the Additional Tier 1 capital of the bank.	-	
16	Pre-paid expenses;	2,263	3,822
17	Pre-operating expenses.	-	-
18	Common Equity Tier 1	93,641	76,027

MARKET DISCIPLINE DISCLOSURE

FOR THE YEAR ENDED 31 DECEMBER 2025

19	Additional Tier 1 Capital	-	
20	Non-cumulative Irredeemable Preference Shares	650	650
21	Share Premium arising from Non-cumulative Irredeemable Preference Shares	-	-
22	Other Qualifying Additional Tier-1 capital instruments plus any related share premium	-	-
23	Additional Tier 1 Capital before regulatory adjustments	650	650
24	Regulatory adjustment applied to Additional Tier 1 capital		
25	The amount of items required to be deducted from Tier 2 items that exceed the Tier 2 capital of the bank.	-	-
26	Other Items Qualifying to be deducted from Additional Tier-1 Capital.	-	-
27	Additional Tier 1 Capital recognized for capital adequacy	650	650
28	Available Tier 1 Capital	94,291	76,677
29	Tier 2 Capital	-	-
30	Qualifying Tier 2 capital instruments and subordinated loans that meet the conditions stipulated by the Bank.	-	-
31	Share premium arising from capital instruments and subordinated loans qualifying as Tier 2 Capital	-	-
32	Instruments issued by consolidate subsidiaries and held by third parties that met the criteria stipulated by the Bank.	-	-
33	General provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	-	-
34	Total Tier 2 Capital admissible for capital adequacy	-	-
35	TOTAL CAPITAL (Tier Capital plus Tier 2 Capital).	94,291	76,677
36	Total Risk Weighted Assets (RWA)	348,192	345,129
37	Capital Ratios and buffers (in percentage of risk weighted assets)	0	
38	CET1 to total RWA	26.89%	22.03%
39	Tier-1 capital to total RWA	27.08%	22.22%
40	Total capital to total RWA	27.08%	22.22%
41	Capital conservation buffer	15.08%	10.22%
42	Minimum capital requirements prescribed by the Bank of Tanzania		
43	CET1 to total RWA	8.50%	8.50%
44	Tier-1 capital to total RWA	10.00%	10.00%
45	Total capital to total RWA	12.00%	12.00%
46	Capital conservation buffer	2.50%	2.50%

NCBA BANK TANZANIA LIMITED

MARKET DISCIPLINE DISCLOSURE

FOR THE YEAR ENDED 31 DECEMBER 2025

This disclosure has been prepared in accordance with the Bank of Tanzania (BOT) Market Disclosure Guidelines for Banks and Financial Institutions, 2023.

Genes Kunda
Head of Finance
31 March 2026

Peter Kimweri
Head of Internal Audit
31 March 2026

Alex Mziray
Managing Director & CEO
31 March 2026