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THE BANKING AND FINANCIAL INSTITUTIONS (CREDIT CONCENTRATION AND OTHER EXPOSURE LIMITS) REGULATIONS, 2026

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THE BANKING AND FINANCIAL INSTITUTIONS ACT
(CAP. 342)

REGULATIONS

(*Made Under Section 71*)

THE BANKING AND FINANCIAL INSTITUTIONS (CREDIT CONCENTRATION AND OTHER EXPOSURE LIMITS) REGULATIONS, 2026

PART I **PRELIMINARY PROVISIONS**	
Citation	**1.** These Regulations may be cited as the Banking and Financial Institutions (Credit Concentration and Other Exposure Limits) Regulations, 2026.
Application	**2.** These Regulations shall apply to all banks and financial institutions except where prescribed otherwise by the Bank in any other Regulations.
Interpretation	**3.** In these Regulations, unless the context otherwise requires-
	“Act” means the Banking and Financial Institutions Act;
	“affiliate” has a meaning ascribed to it in the Act;
	"allied undertakings" include business of microfinance, insurance, securities trading, credit card services, financial leasing, and such other activities as may be specified by the Bank;
	"associate companies" means two or more companies linked directly or indirectly to each other through any of the following means-
	(a) ownership, control or power to vote, of ten per cent or more of the issued and outstanding voting shares of any of the companies;
	(b) common officer or directorship;
	(c) common shareholders owning ten per cent or more of the issued and outstanding voting shares of the companies;

	(d) management contract or any arrangement granting power to a company to direct or cause the direction of the management and policies of another company;
	(e) permanent proxy or voting trust in favour of a company involving ten per cent or more of the issued and outstanding voting shares of another company;
	(f) companies with cross-guarantee; and
	(g) direct commercial interdependency, which cannot be substituted in the short-term.
	"Bank" means the Bank of Tanzania;
	"bank" has the meaning ascribed to it in the Act;
	"commercial interdependency" means a relationship between two or more persons in which the financial soundness or repayment capacity of one person is dependent on the commercial or financial performance of another, and financial difficulties affecting one person result in financial difficulties affecting the other;
	"conflict of interest" means a situation in which someone in a position of trust has competing professional, business or personal interest, making it difficult to fulfil his duties impartially;
	"connected party" has the meaning ascribed to it in the Act;
	"country risk" means the risk that a bank or financial institution may incur losses on cross-border exposures as a result of economic, political, legal, regulatory, social or financial events, or other developments occurring in a foreign country;
	"credit accommodation" means loans, overdrafts and advances, leasing, acceptances, performance and bid bonds, letters of credit, guarantees, foreign exchange contracts or any other form of a direct or indirect financial obligation including interest or profit or return due and unpaid to a bank or financial institution;
	"credit risk" means the risk of financial loss arising from the failure or potential failure of a borrower, obligor or counterparty to meet its contractual financial obligations in full or on time, including the risk arising from deterioration in credit quality, default under a credit accommodation, guarantee, surety, derivative, foreign exchange contract or any other financial obligation;

	"direct credit accommodation" means credit facility in which the borrower or obligor is a party on his own behalf, or the representative or agent of another person, or as a co-signer, mortgagor, guarantor, endorser or surety;
	"financial institution" has the meaning ascribed to it in the Act;
	"underwriting commitment" in respect to underwriting of securities, means a guarantee or commitment made by a person or entity to an issuer or holder of securities to raise funds for the issuer or holder by the distribution of such securities for sale, resale, or subscription, either through an outright purchase or a commitment to purchase the balance not subscribed or sold;
	"first class international bank" has the meaning ascribed to it in the Act;
	"first class international financial institution" means an international insurance company, international development finance institution or other international financial institution that has a minimum long-term rating by internationally recognized rating agencies of "A" or above;
	"indirect credit accommodation" means a credit accommodation given by a bank or financial institution to a person's related party;
	"insider" means directors, officers or significant shareholders of a bank or financial institution and their related party excluding Ministries of the Government of the United Republic and Revolutionary Government of Zanzibar;
	"large exposure" means a credit accommodation to a single borrower which represents ten per cent or more of the Tier 1 capital of a bank or financial institution concerned;
	"member of a family" means parent, spouse, brother, sister, child, uncle, aunt, nephew, niece, stepfather, stepmother, stepchild, and adopted child of the person concerned, and in case of an adopted child his adopter or adopters;
	"parent company" means a company which directly or indirectly owns, controls, or holds with power to vote, more than fifty percent of the issued and outstanding voting shares of another company;
	"related party"
	(a) in relation to a body corporate means-
	(i) its holding company or its subsidiary;
	(ii) a subsidiary of its holding company;

	(iii) a holding company of its associates;
	(iv) any person who controls the company or body corporate whether alone or with his related party or with other related parties of it; and
	(b) in relation to an individual means-
	(i) any member of his family;
	(ii) any company or other body corporate controlled directly or indirectly by him whether alone or with his related parties; and
	(iii) any related party of his related parties, and it includes connected party;
	"subsidiary" means a company in which more than fifty percent of its total issued and outstanding voting shares are directly or indirectly owned or controlled by the parent company;
	"transfer risk" means the risk that a borrower or counterparty is unable to obtain or transfer foreign currency to make payments because of exchange controls, foreign exchange shortages, payment restrictions or other measures imposed by the government or monetary authorities of the foreign country; and
	"unsecured" has the meaning ascribed to it in the Act.
Objectives	**4.** The objectives of these Regulations are to-
	(a) encourage risk diversification and limit excessive concentration of risk by any bank or financial institution;
	(b) promote arm's length relationship in dealings between a bank or financial institution and its insiders; and
	(c) prescribe limits for investments in equity and fixed assets.
PART II **CREDIT CONCENTRATION LIMITS**	
Board responsibility	**5.** - (1) The Board of Directors of a bank or financial institution shall ensure that policies consistent with principles set out in the Risk Management Guidelines for Banks and Financial Institutions issued by the Bank are put in place, and shall be fully responsible and accountable for the execution of such policies.
	(2) The policies referred to in sub-regulation (1) shall include-

	(a) procedures for identifying risk concentration;
	(b) internal limits on risk concentration including corresponding controls and approval procedures in conformity with legal and supervisory limits; and
	(c) periodic review of the effectiveness of monitoring and reporting systems for risk concentration.
Single borrower's limit	**6.** -(1) The total amount of credit accommodation which a bank or financial institution may, directly or indirectly grant to any person and his related parties shall not exceed the following limits-

Collateral Position	*Limit (as a percentage of Tier 1 capital)*
Secured by collateral with value of which is at least 125% of the credit accommodation deemed by it (fully secured)	25%
A credit accommodation secured by collaterals prescribed under Regulation 7 (1) of these Regulations shall be deemed to be fully secured if collateral value is at least 100% of the credit accommodation.	
Secured by collateral the value of which is less than 125% but more than 75% of the credit accommodation secured by it (partly secured)	20%
Secured by collateral the value of which is less than 100% but more than 75% of the credit accommodation secured by collaterals prescribed under Regulation 7 (1) of these Regulations (partly secured)	
Secured by collateral the value of which is less than 75% but not more than 50% of the credit accommodation secured by it (partly secured)	15%
Secured by collateral the value of which is less than 50% of the credit accommodation secured by it (partly secured)	10%
Unsecured	5%

Provided that in the case of immovable collateral the term "value" used under regulation 6(1) means market value determined by an independent professional valuer.

Exceptions to single borrower's limit	**7.** -(1) A bank or financial institution may exceed the limits prescribed under regulation 6 provided that the amount in excess of single borrower's limit-
	(a) is granted to, or the repayment of which is guaranteed by the Government of the United Republic or Revolutionary Government of Zanzibar;
	(b) is secured against cash, fixed deposit, treasury bills, notes or bonds, or other instruments as the Bank may approve; or
	(c) the repayment of which is unconditionally and irrevocably guaranteed by a first class international bank or a first class international financial institution.
	(2) Where a bank or financial institution approves a credit accommodation in accordance with sub-regulation (1), it shall, within seven days from the date it approves the credit accommodation, notify the Bank and submit a copy of the collateral documents or guarantee.
Funding from parent company	**8.** -(1) A bank or financial institution which is a subsidiary of a foreign bank or financial institution may exclude from the aggregate and single borrower's credit limits prescribed in these Regulations any credit accommodation for which the parent company has provided funds and has assumed both the credit and foreign exchange risks without recourse to the subsidiary.
	(2) Where a subsidiary of a foreign bank or financial institution approves exclusion of any credit accommodation in accordance with sub-regulation (1), it shall, within seven days from the date of such approval, notify the Bank.
Credit accommodation to banking group	**9.** The aggregate of all credit accommodations extended by a bank or financial institution to its parent company, subsidiaries and associate companies, partners and partnerships shall not exceed the credit concentration limit prescribed in regulation 6.
Treatment of related parties	**10.** Where the Bank determines that the interests of two or more persons are interrelated for the purposes of regulation 6, the total credit accommodations to such persons shall be combined and deemed to be extended to a single person.
Aggregate large exposures limit	**11.** Aggregate large exposures shall not exceed eight hundred percent of Tier 1 capital of the lending bank or financial institution.

Interbank Exposure Limit	**12.** A bank or financial institution shall not deposit in a single bank or financial institution within or outside the United Republic, an amount exceeding twenty five per cent of its Tier 1 capital.
Deposit between affiliated banks or financial institutions	**13.** Any deposit between affiliated banks or financial institutions within or outside the United Republic shall be considered as insider transactions.
Country and transfer risk	**14.** A bank or financial institution shall establish and maintain a Country and Transfer Risk Policy approved by the Board, depending on the nature, size and complexity of its cross-border activities which shall provide for the identification, measurement, monitoring, control and reporting of country and transfer risks.
PART III **INSIDER TRANSACTIONS**	
Monitoring of credit accommodation	**15.** A bank or financial institution shall establish systems to identify and monitor credit accommodation to its insiders.
Transactions with insiders	**16.** Any transactions of a bank or financial institution with any of its insider shall be on terms not more favourable than would be available to others.
Conditions for credit accommodations to insiders	**17.** -(1) A bank or financial institution shall not directly or indirectly grant any credit accommodation to any of its insiders unless the credit accommodation has been unanimously approved by all members of the Board of Directors in a meeting where any Director or alternate Director who stands to benefit from the credit has inhibited himself from attending.
	(2) Where a bank or financial institution grants a credit accommodation to an insider in accordance with sub-regulation (1), it shall, within seven days from the date it grants the credit accommodation, notify the Bank.
Credit limit to single insider	**18.** - (1) The total amount of credit accommodation which any bank or financial institution may grant, directly or indirectly, to any insider shall not exceed ten percent of the Tier 1 capital of the bank or financial institution.
	(2) The limit prescribed under sub-regulation (1) shall apply regardless of the type and value of security held.

Aggregate credit limit to insiders	**19.** - (1) A bank or financial institution shall not, directly or indirectly, grant to its insiders credit accommodations whose aggregate amount exceeds twenty five percent of its Tier 1 capital.
	(2) The limit referred to under sub-regulation (1) shall apply to a person who has ceased to be an insider unless two years have elapsed from the date when such a person ceased to be an insider.
Restriction on unsecured credit accommodation	**20.** A bank or financial institution shall not grant a credit accommodation to an insider unless the credit accommodation is fully secured except for staff loans granted under the Staff Loans Policy approved by the Board.
Salary advances to officers and employees	**21.** **-**(1) A bank or financial institution shall not grant salary advance to any of its officers or employees which exceed the annual remuneration of the borrowing officer or employee.
	(2) For the purpose of sub-regulation (1), annual remuneration of an officer or employee shall be the basic salary plus fixed allowances paid in cash to the officer or employee on a regular and periodic basis as part of his compensation for services rendered to the bank or financial institution.
	(3) The provisions of sub-regulation (2) shall not apply to benefit or entitlement which depends on a contingency such as medical benefits or allowances for attending seminars, meetings or other non-cash benefits.
Loans to officers and employees	**22.** -(1) An incentive loan or advance granted to an officer or employee of a bank or financial institution shall be managed in accordance with Staff Loan Policy approved by the Board.
	(2) A Commercial loan or advance to an officer or employee of a bank or financial institution shall be on the terms not more favorable than would be available to other borrowers.
Recusal of an officer or employee	**23.** An officer or employee or a related party who is an applicant in the credit accommodation referred to under regulation 21 and 22 shall-
	(a) disclose the interest before any consideration of the application; and

	(b) not participate in or influence, directly or indirectly, any decision or approval relating to that credit accommodation.
Write off of insider credit accommodations	**24.** A bank or financial institution shall not write off a credit accommodation granted to an insider or related party unless:
	(a) the write-off is effected in accordance with the Board approved Write-Off Policy applicable to all credit accommodations;
	(b) the write-off has been approved by the Board, excluding any director or other person having a conflict of interest;
	(c) the Board is satisfied that the write-off does not constitute preferential treatment and is in the best interests of the bank or financial institution; and
	(d) the Bank has been notified of the write-off within seven days from the date of write off.
PART IV **LIMITATIONS ON EQUITY INVESTMENTS AND UNDERWRITING COMMITMENTS**	
Prior approval for equity investments	**25.** A bank or financial institution shall not engage in equity investment without obtaining prior approval of the Bank.
Total equity investment and credit accommodations	**26.** The total equity investments and credit accommodations by a bank or financial institution in any single company shall not exceed twenty five per cent of its Tier 1 capital.
Aggregate equity investments in all companies	**27.** The aggregate equity investments by a bank or financial institution in all companies shall not exceed twenty five per cent of its Tier 1 capital.
Equity investment in allied undertaking	**28.** Subject to regulation 26, the equity investment by a bank or financial institution in any single allied undertaking shall not exceed ten percent of the Tier 1 capital of the bank or financial institution.
Equity investment in other companies	**29.** The equity investment by a bank or financial institution in any single company other than an allied undertaking shall not exceed five per cent of the total subscribed share capital of the investee company.
Capital requirements	**30.** A bank or financial institution which has a Tier 1 capital of less than fifteen billion shillings shall not invest in the equity of other companies.

Underwriting on own account	**31.** A financial institution which is licensed by the Bank to engage primarily in the business of investment banking or underwriting debt or equity securities shall not undertake underwriting commitments for its own account in an aggregate amount exceeding eight hundred percent of its Tier 1 capital.
PART V **LIMITATION AND REPORTING ON INVESTMENTS IN FIXED ASSETS**	
Restrictions on investments in fixed assets	**32.** A bank or financial institution may purchase, acquire or lease fixed assets where it is necessary for its business, including reasonable provision for anticipated future expansion and housing of its officers or employees, provided that-
	(a) the total investment of the bank or financial institution in such fixed assets at depreciated net book value, shall not exceed seventy percent of its Tier 1 capital; and
	(b) the limitations under this regulation shall not apply to-
	(i) the acquisition of any asset in settlement of a debt to the bank or financial institution provided that the asset is sold within three years of its acquisition date or within a period approved by the Bank; and
	(ii) institutions carrying on the business of mortgage financing and property acquired for leasing activities.
Reporting requirements	**33.** A bank or financial institution shall report its investment in fixed assets to the Bank in the form and frequency prescribed by the Bank.
PART VI **GENERAL PROVISIONS**	
Sanctions	**34.** -(1) Without prejudice to penalties and actions prescribed by Act, the Bank may impose on any bank or financial institution any of the following sanctions for non-compliance-
	(a) a penalty of the amount to be determined by the Bank;
	(b) prohibition from declaring or paying dividends;
	(c) suspension of the privilege to issue letters of credit or guarantee;
	(d) suspension of access to credit facilities of the Bank;
	(e) suspension of lending and investment operations;
	(f) suspension of capital expenditure;

	(g) suspension of the privilege to accept new deposits;
	(h) revocation of banking license;
	(i) suspension from office of the defaulting director, officer or employee; and
	(j) disqualification from holding any position or office in any bank or financial institution under the supervision of the Bank.
	(2) The penalty referred to in paragraph (a) of sub regulation (1) shall apply to directors, officers or employees of the bank or financial institution.
	(3) The suspension referred to under sub-regulation (1) shall continue to be in force until where the bank ot financial institution or director or officer or employee has rectified the non- compliance which led to the suspension.
Revocation GN No. 288 of 2014	**35.** The Banking and Financial Institutions (Credit Concentration and Other Exposure Limits) Regulations, 2014, are hereby revoked.

Dodoma, **EMMANUEL M. TUTUBA**

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