



ANNUAL REPORT TAARIFA YA MWAKA 2016

A Prosperous
Journey Together

Safari ya Mafanikio
Kwa Pamoja



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Journey Together

Safari ya Mafanikio
Kwa Pamoja

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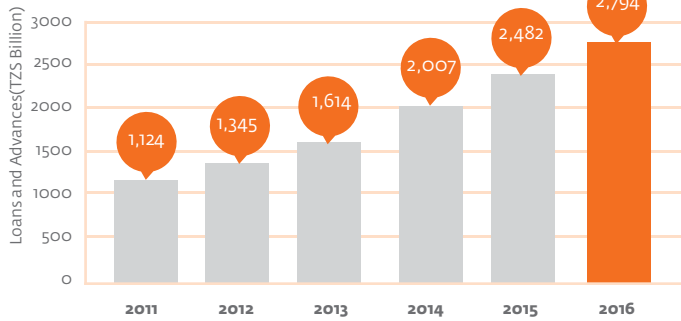
THERE IS ONLY ONE BOSS,
THE CUSTOMER



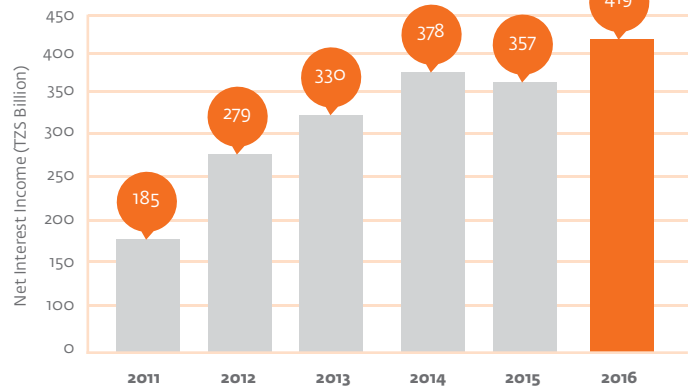
OUR BUSINESS
BIASHARA YETU



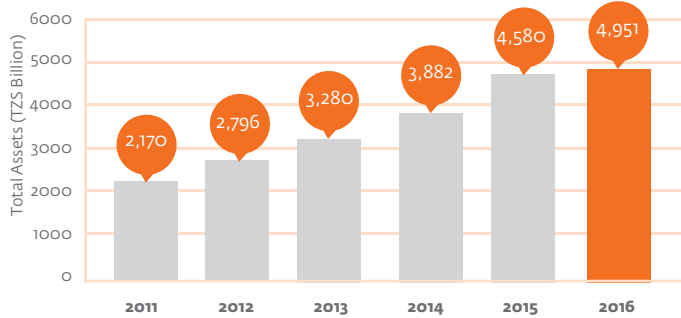
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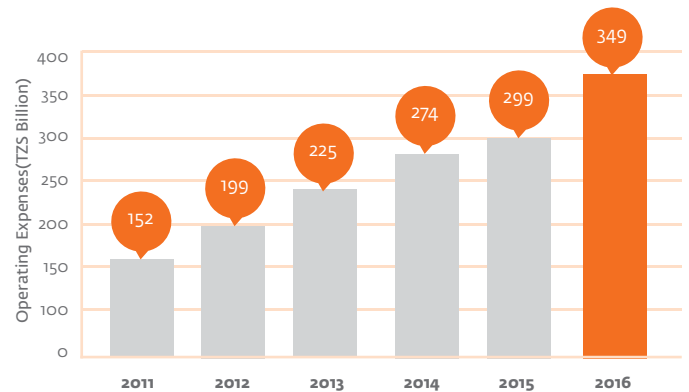
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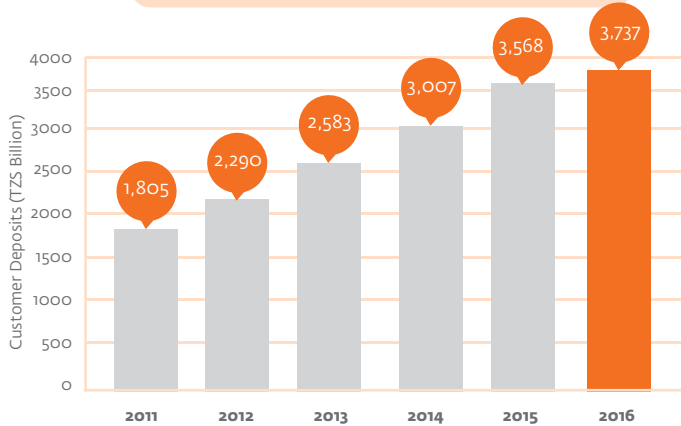
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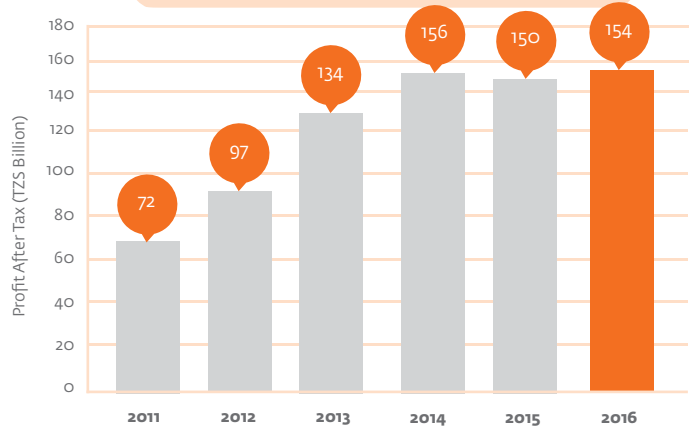
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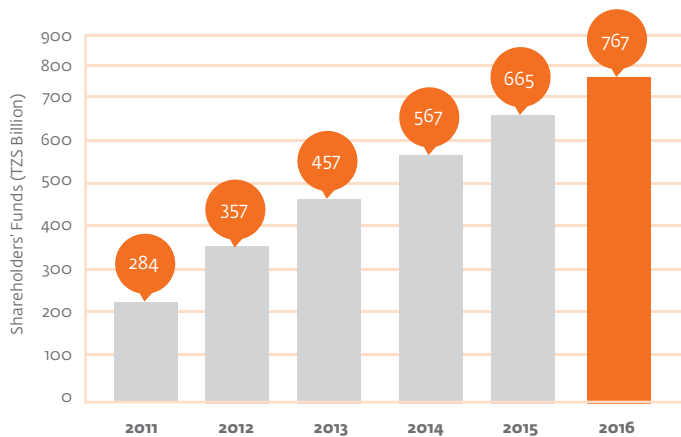
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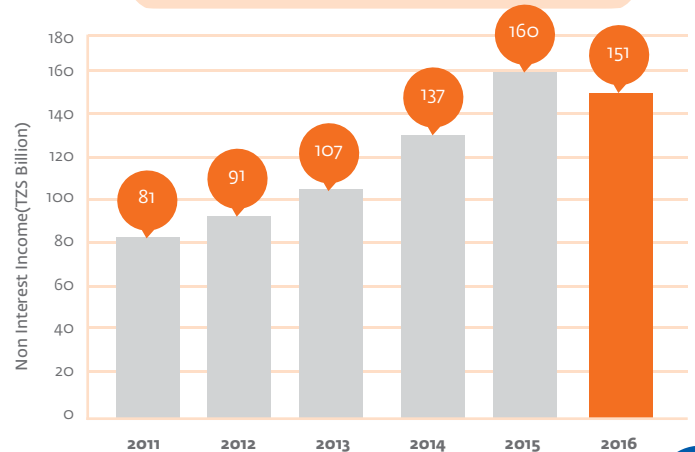
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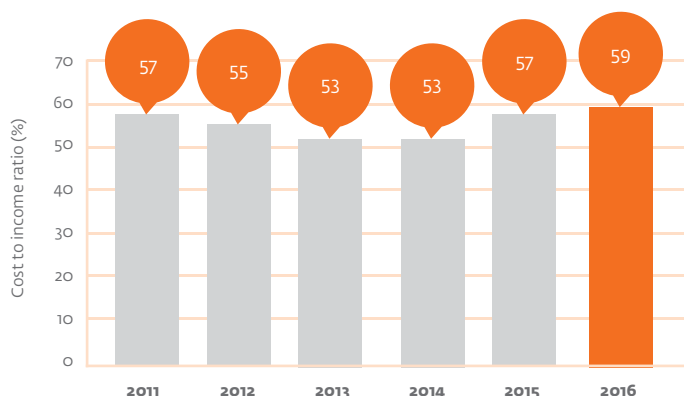
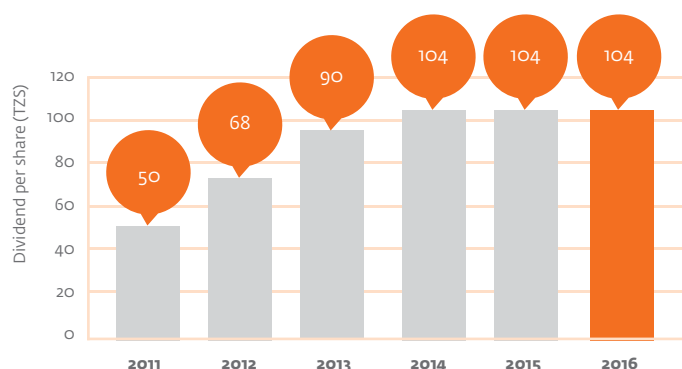
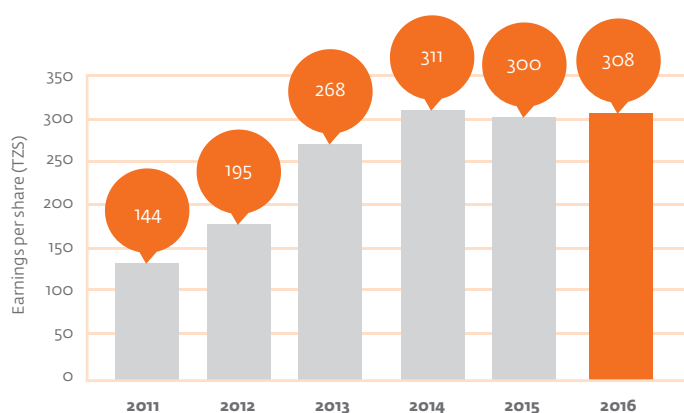
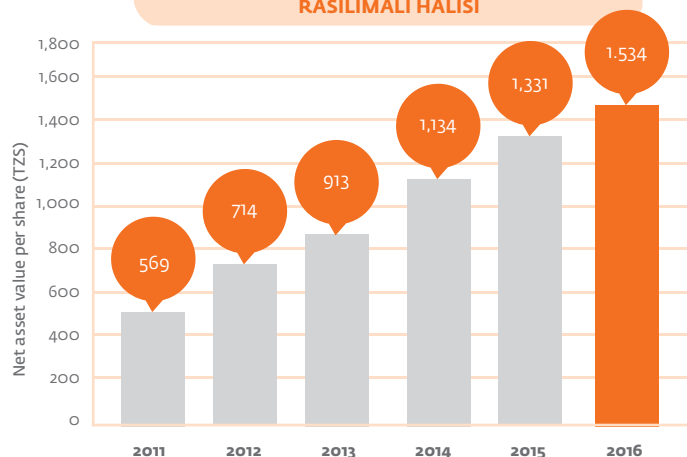
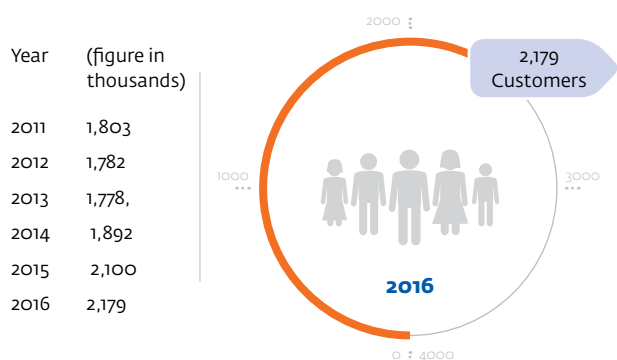
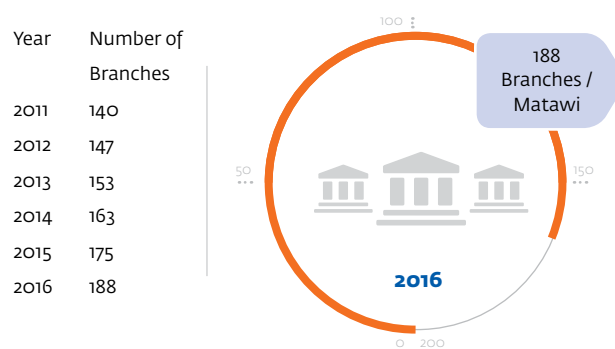
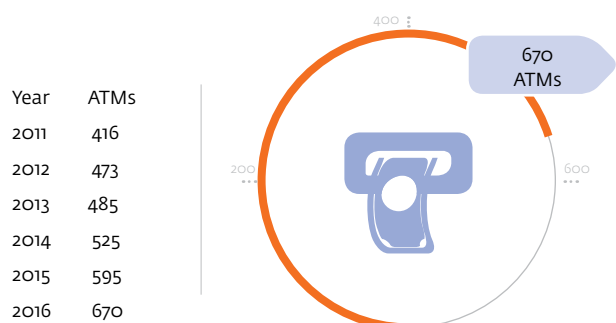
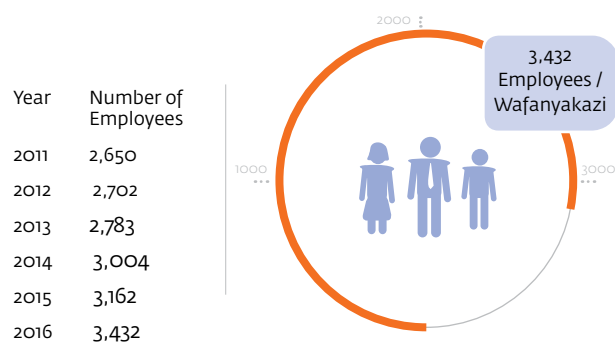


SHAREHOLDERS FUNDS
MTAJI WA WANAHISA



NON INTEREST INCOME
MAPATO YASIYOTAKANA NA RIBA



COST TO INCOME RATIO
UWIANO WA GHARAMA NA MAPATO

DIVIDEND PER SHARE
GAWIO KWA KILA HISA

EARNINGS PER SHARE
PATO KWA KILA HISA

NET ASSET VALUE PER SHARE
RASILIMALI HALISI

NUMBER OF CUSTOMERS
IDADI YA WATEJA

NUMBER OF BRANCHES
IDADI YA MATAWI

NUMBER OF ATMS
IDADI YA ATM

NUMBER OF EMPLOYEES
IDADI YA WAFANYAKAZI


KEY FIGURES FOR THE PERIOD 2011-2016 (BANK)

		2011	2012	2013	2014	2015	2016
Profitability							
Total Income	Tzs Million	266,594	359,138	422,171	488,119	608,477	716,132
Tax	Tzs Million	30,947	47,340	54,225	69,036	67,040	67,599
Operating expenses	Tzs Million	152,056	198,934	225,298	273,741	299,358	348,516
Net profit	Tzs Million	71,839	97,401	133,906	155,623	150,288	153,825
Solvency							
Total Assets	Tzs Million	2,170,250	2,796,347	3,280,186	3,881,995	4,580,091	4,951,075
Tier 1 capital	Tzs Million	227,435	329,688	421,804	523,312	592,195	664,960
Risk Weighted Assets (RWA)	Tzs Million	1,273,282	1,565,509	1,944,390	2,459,642	2,932,574	3,519,618
Other							
Customers		1,803,203	1,782,869	1,778,309	1,891,719	2,100,000	2,178,700
Branches		140	147	153	163	175	188
ATMs		416	473	485	525	595	670
Employees		2,650	2,702	2,783	3,004	3,162	3,432

	2011	2012	2013	2014	2015	2016
Selected ratios						
Return on average shareholders' equity	28%	27%	29%	27%	23%	20%
Return on average assets	3%	3%	4%	4%	4%	3%
Cost to income ratio	57%	55%	53%	53%	57%	59%
Capital adequacy ratio*						
Tier 1 Capital ratio	22%	21%	22%	21%	20%	19%
Tier 1 + Tier 2 Capital ratio	22%	22%	23%	22%	22%	20%
Dividend per share	50	68	90	104	104	104

* Regulatory requirements for Tier I and Tier I + Tier II are 10% and 12% respectively

* Capital adequacy ratios are calculated before dividend payments

SHARE PERFORMANCE

SHARE PERFORMANCE	FORMULAS	Units	2012	2013	2014	2015	2016
MWENENDO WA HISA	FOMULA						
Basic and diluted earnings per share	PAT/Number of shares in issue	Tzs	195	268	311	298	312
Dividends per share	Total dividend/ Number of shares in issue	Tzs	68	90	104	104	104
Closing share price	as per DSE	Tzs	1,120	2,620	3,400	2,500	2,750
Number of shares in issue		Millions	500	500	500	500	500
Dividend cover (times)	Basic diluted earnings per share/dividend per share	Times	2.87	2.98	2.99	2.86	2.99
Net asset value per share	Net assets/ Number of shares issue	Tzs	714	913	1,134	1,331	1,534
Dividend yield - ordinary dividend	Dividend per share/ closing price at DSE	%	6%	3%	3%	4%	4%
Earnings yield - ordinary dividend	PAT/closing of share price	%	17%	10%	9%	12%	11%
Price to Book ratio	Closing share price/ Net asset value per share	Times	1.57	2.87	3.00	1.88	1.79
Price: Earnings ratio - ordinary shares	Basic diluted earnings per share/closing share price	Times	5.74	9.78	10.93	8.32	8.93
Market capitalisation	Closing share price times No. shares in issue	Tzs Millions	560,000	1,310,000	1,700,000	1,250,000	1,375,000
Net Assets	Audited financials	Tzs Millions	356,954	456,666	567,221	665,429	767,208
Volume of shares transacted	DSE	Millions	8.7	11.0	12.1	3.9	33.1
Exchange weighted share price (Tzs)	DSE	Tzs	954	1,891	3,955	3,571	2,193

Abbreviations

PAT - Profit After Tax

DSE - Dar es Salaam Stock Exchange

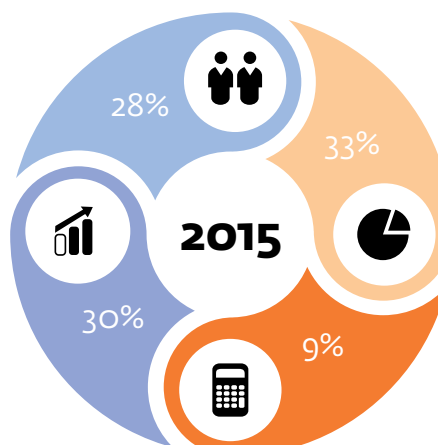
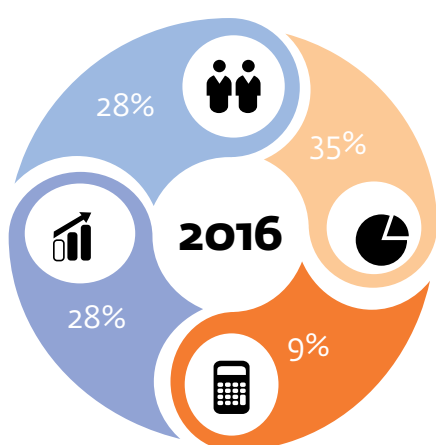
VALUE ADDED STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

Value added is the wealth the bank has been able to create by providing clients with a quality, value added service.

TAARIFA YA ONGEZECO LA THAMANI KWA MWAKA ULIOISHIA DISEMBA 2016

Ongezeko la thamani ni mali ambayo benki imeweza kujitengenezea kwa kumpatia mteja huduma yenye ubora na ongezeko la thamani.

	2016 TZS' Millions	%	2015 TZS' Millions	%
Value added				
Income earned by providing banking services	716,132		608,477	
Cost of service	(146,192)		(91,791)	
Interest expense paid to 3rd party funding	(5,956)		(5,510)	
Other depositors	(96,238)		(63,019)	
Fees and commission expense	(13,758)		(10,253)	
Impairment	(30,240)		(13,009)	
value added by banking services	569,940		471,593	
Non operating and other income and expenditures	(175,955)		(106,235)	
	393,985		365,358	
Value allocated				
To employees:				
Salaries and other benefits	111,950	28%	100,757	28%
To Shareholders:				
dividend to other shareholders	52,000	13%	52,000	14%
of which to Government	16,526	4%	16,526	5%
To government				
Corporate Tax	67,599		67,040	
PAYE	30,844		24,828	
Skills development levy	5,897		5,064	
VAT on services	15,750		4,907	
Other taxes	1,857		1,768	
	121,947	31%	103,607	28%
To expansion and growth				
Depreciation, deferred tax and retained earnings	108,087	27%	108,994	30%
	393,985	100%	365,358	100%



- To employees
Wafanyakazi
- To Government Taxes
Kodi kwa Serikali
- Dividend to the Shareholders
Gawio kwa Wanahisa
- To expansion and Growth
Upanuzi na Ukuaji wa Benki

The NMB Way

Values

WHAT DRIVES US
Eagerness & Ownership

KINACHOTUSUKUMA
Ari na Umiliki

WHAT BINDS US
Teamwork & Customer focus

KINACHOTUUNGANISHA
Umoja na Kumlenga Mteja

WHAT GUIDES US
Integrity & Compliance

MUONGOZO
Uadilifu na Utimilifu

Mission

Through innovative distribution and our extensive branch network, to offer affordable customer focused financial services to the Tanzanian community, in order to realise sustainable benefits for all our stakeholders

Kutumia ubunifu katika utoaji huduma na mtandao mpana wa matawi yetu ili kutoa huduma za kibenki kwa gharama nafuu zenye kumlenga mteja wa jamii ya Tanzania ili kuwa na manufaa endelevu kwa wadau wetu wote.



Vision

To be the preferred financial services partner in Tanzania

Kuwa mbia wa huduma za kifedha anayependelewa zaidi nchini Tanzania



PERFORMANCE & STRATEGY
UTENDAJI NA MIKAKATI



Chairman's Report Taarifa ya Mwenyekiti



“ I am delighted that, as a bank, we have continued to build fundamentals with a strong capital base and liquidity ratios, solid governance and business practices that have guaranteed our ability to consistently deliver value to all our stakeholders. ”

“ Ninafuraha kwamba, kama benki, tumeendelea kujenga misingi imara ikiwa ni pamoja na mtaji na uwiano wa ukwasi, mfumo thabiti wa utawala, na utekelezaji mzuri wa shughuli za kibiashara ambazo zimetuhakikishia uwezo wa kuendelea kutoa huduma bora kwa wadau wetu wote. ”

Professor Joseph Semboja

INTRODUCTION

It gives me great pleasure to present to you the NMB Annual Report for 2016.

The year 2016 was challenging for the entire financial services industry, especially the banking sector. The sector experienced a tough operating environment with regulatory changes and some macro-economic readjustments which have caused banks to rethink their strategies and review their operating models. Introduction of the Treasury Single Account (TSA); decrease in government expenditure and decline in liquidity in the economy, created a challenging operating environment in which all banks, including NMB, have had to adjust to.

I am delighted that, as a bank, we have maintained strong fundamentals with a solid capital base and liquidity ratios, clear governance structures and sound business practices. We have guaranteed our ability to consistently deliver value to all our stakeholders.

STRATEGIC DIRECTION

As a Board, we remained committed to executing the strategy (Vision 2020) that we had put in place for the bank. The tough operating environment has proved that our strategy is the right choice for NMB. The core of our strategy is to drive customer convenience at all points of our interactions. The strategy is achieved through the simplification of the products and services we offer. To deliver this, we have resolved to continue investing in this market with solutions that are relevant and more so, help our customers to prosper.

One of our priority objectives in the Vision 2020 plan is to double our customer base. In order to achieve this, we need to extend our reach so that we can make our services more accessible to more people. We aim to do this by utilizing technology as best as we can. Agency banking and mobile banking are the two methods which NMB is prioritizing. In 2016 we made remarkable progress in both by establishing a 1,600 banking agent network (NMB Wakala) from scratch and completing product testing of our new Chap Chap Plus mobile banking product. The success of both products will attract several new customers to NMB.

The future of banking will be strongly shaped by technology. Technology will impact how banks, such as NMB, interact with our customers; how we manage our risks and how we deliver our services. The Board recognizes the profound change taking place in the banking sector due to this technological advancement and has sought to get NMB positioned correctly to deal with it. The Bank has invested significant financial resources in improving our ICT infrastructure and increasing its size and enhancing the skills of our ICT department. We expect in the coming year to push digitization both externally to our customers and internally amongst ourselves. The Bank will digitize, as appropriate, many of our current manual bank or branch operations. This should increase operational efficiency within the Bank thereby reducing costs and ultimately enhancing profits.

UTANGULIZI

Ni heshima kubwa kwangu kuwasilisha taarifa ya NMB ya Mwaka 2016.

Mwaka 2016 ulikuwa na changamoto kwa tasnia nzima ya utoaji wa huduma za kifedha, hususan sekta ya benki. Sekta hii ilishuhudia mazingira magumu ya uendeshaji yakiwamo mabadiliko ya udhibiti na ya kiuchumi ambayo yamezifanya benki kufikiria upya mikakati yake na kufanya mapitio ya uendeshaji. Kuanzishwa kwa Akaunti Moja ya Hazina (Treasury Single Account); kupungua kwa matumizi ya Serikali na kushuka kwa upatikanaji wa fedha katika uchumi, kulisababisha changamoto kubwa katika mazingira ya uendeshaji na benki zote, ikiwamo NMB zimelazimika kufanya marekebisho ili kuendana na hali halisi.

Ninafuraha kwamba, kama benki, tumeendelea kuwa na misingi na kanuni imara ikiwa ni pamoja na mtaji na uwiano wa ukwasi, mfumo thabiti wa utawala, na utekelezaji mzuri wa shughuli za kibiashara ambazo zimetuhakikishia uwezo wa kuendelea kutoa huduma bora kwa wadau wetu wote.

MWELEKEO WA MKAKATI

Kama Bodi, tumeendelea na dhamira ya kutekeleza mkakati (Dira ya 2020). Mazingira magumu ya uendeshaji yametuhitishia kwamba mkakati wetu ndio chaguo bora kwa NMB. Kiini cha mkakati wetu ni kuwafikishia wateja wetu huduma bora katika sehemu zetu zote za huduma. Mkakati unafanikiwa kwa kurahisisha bidhaa na huduma tunazotoa. Ili kufanikisha mkakati huu, tumedhamiria kuendelea kuwekeza katika soko hili kwa kutoa ufumbuzi husika na zaidi, kuwanufaisha wateja wetu.

Moja ya vipaumbele vyetu vya malengo katika Dira ya 2020 ni kuongeza maradufu idadi ya wateja wetu. Ili kufikia mafanikio haya, tunahitaji kupanua wigo wetu ili huduma zetu ziweze kuwafikia watu wengi zaidi. Tunakusudia kufanya hivi kwa kutumia teknolojia kadiri tutakavyoweza. Huduma za kibenki za uwakala na kwa mitandao ya simu za mkononi ni njia mbili ambazo NMB inazipa kipaumbele. Mwaka 2016, tulipiga hatua nzuri kwa kuanzisha mtandao wa huduma za uwakala wenye mawakala 1,600 (NMB Wakala) kuanzia hatua ya mwanzo kabisa mpaka kukamilisha majaribio ya bidhaa yetu mpya ya kibenki ya simu za mkononi ya ChapChap Plus. Utekelezaji ukifanikiwa, bidhaa zote zitawavutia maelfu kwa makumi ya wateja wapya kujiunga na NMB.

Huko mbeleni sekta ya kibenki itategemea zaidi teknolojia. Teknolojia itabadilisha jinsi benki kama NMB zitakavyokuwa zinahusiana na wateja, kudhibiti athari na kutoa huduma. Bodi inatambua mabadiliko makubwa yanayoendelea katika sekta ya benki kutokana na kukua kwa teknolojia na imedhamiria kuiweka NMB katika nafasi sahihi ya kukabiliana nayo. Benki imewekeza kiasi kikubwa cha fedha katika kuimarisha miundombinu yetu ya TEHAMA na kuongeza ukubwa na kuhimiza utaalamu katika idara yetu ya TEHAMA. Mwaka ujao, tunatarajia kuhimiza matumizi ya huduma za kibenki kupitia dijitali kwa wateja wetu na kwetu

As a business, we hold special value for the communities in which we operate and which form an integral part of our existence. It is for this reason that we continuously promote the essence of shared growth with our customers and other stakeholders. We truly want our customers to prosper as we believe that it is only through their success that NMB can continue symbiotically continue to excel.

VALUES

We have a single, simple purpose – to serve customers well. This is at the core of our ambition to build a bank known for its consistent, high quality customer service. We want to be trusted, respected and valued by our customers, shareholders and communities. We have a common set of values at the heart of how we do business. Our values are not new, but capture what we do when we are at our best:

We serve our customers

- We exist to serve our customers.
- We earn their trust by focusing on their needs and delivering excellent service.

We work together

- We care for each other and work best as one team. We bring the best of ourselves to work and support one another to realize our potential.

We do the right thing

- We do the right thing.
- We take risk seriously and manage it prudently.
- We prize fairness and diversity and exercise judgement with thought and integrity.

We think long term

- We know we succeed only when our customers and communities succeed. We do business in an open, direct and sustainable way.

CORPORATE GOVERNANCE

The NMB Board upholds high standards of corporate governance which we believe is key to delivering sustainable shareholder value and the Bank's long term success.

To achieve this, the Board provided leadership through oversight of the Bank's strategy execution, internal controls, risk management and people management. We continue to work closely with our regulators to ensure that our internal governance standards meet the expectations of the Bank of Tanzania (BOT) and the Capital Markets & Securities Authority (CMSA). The Board also provided guidance in the process of staff recommitment to the Bank's values to ensure adherence by all employees in their dealings with one another, customers, suppliers and other stakeholders.

wafanyakazi. Benki itaingia katika mfumo wa kidijitali kadri inavyofaa katika shughuli zake nyingi za uendeshaji wa benki na matawi. Hili litaongeza ufanisi katika utendaji ndani ya benki hivyo kupunguza gharama na hatimaye uongezekaji wa faida.

Kama biashara, tunabeba dhamana kubwa kwa jamii ambako tunafanya kazi na ni kipengele muhimu cha uwepo wetu. Ni kwa sababu hii tunaendelea kujenga dhana ya kukua pamoja na wateja na wadau wetu wengine. Tungependa wateja wetu washamiri tukiamini kwamba mafanikio yao ndiyo njia pekee ambayo itaiwezesha NMB nayo kufanikiwa pia.

MAADILI

Tunayo azma moja rahisi – kuwahudumia wateja vizuri. Hili lipo katika kitovu cha lengo letu la kujenga benki inayofahamika kwa uaminifu wake na huduma kwa wateja zenye ubora wa hali ya juu. Tunataka kuaminika, kuheshimika na kuthaminiwa na wateja wetu, wadau na jamii. Tumejiwekea maadili ya jinsi tunavyofanya biashara. Ingawa maadili yetu si mapya, yanaweka bayana utendaji wetu wa kazi:

Tunahudumia wateja wetu

- Tupo kwaajili ya kuwahudumia wateja wetu
- Wanatuamini tunapoelekeza nguvu zetu katika kukidhi mahitaji yao na kutoa huduma bora kabisa.

Tunafanya kazi kwa pamoja

- Tunamjali kila mmoja na tunafanya kazi kwa ushirikiano. Tunafanya kazi kwa ubora kadri ya uwezo wetu na kusaidiana ili kufanikisha malengo yetu

Tunafanya mambo sahihi

- Tunafanya mambo sahihi
- Tunachukulia athari za majanga kwa uzito mkubwa na kuzisimamia kwa umakini
- Tunazingatia haki na anuwai na kutumia hekima na maadili kwenye kutoa maamuzi

Tunamtazamo wa mda mrefu

- Tunafahamu kwamba tutafanikiwa ikiwa tu wateja wetu na jamii watafanikiwa. Tunafanya biashara kwa uwazi na endelevu.

UTAWALA WA SHIRIKA

Bodi ya NMB inatekeleza viwango vya juu vya utawala wa shirika tukiamini kwamba ndiyo ufunguo wa kutoa faida endelevu kwa wanahisa na mafanikio ya benki ya muda mrefu.

Kufikia mafanikio haya, Bodi ilisimamia uongozi kupitia utekelezaji wa mkakati wa benki, udhibiti wa ndani, usimamizi vya vihatarishi na rasilimali watu. Tunaendelea kufanya kazi kwa karibu na wadhibiti wetu kuhakikisha kwamba viwango vya utawala wetu wa ndani vinakidhi

DIVIDENDS

The Board continues to balance the optimization of shareholder value and the need to re-invest funds into the business for future growth. As a demonstration of our continued confidence in the strength and sustainability of the NMB's balance sheet and potential earnings, the Board has recommended a dividend of TZS 104 per share, equivalent to TZS 52 billion (2015: TZS 104 per share) the same as last year.

CONCLUSION AND APPRECIATION

In 2017, I am optimistic that better prospects await the Bank. With the professional and vibrant Board and the dynamic and energetic Management team in place, I am confident that the Bank will continue in its positive growth trajectory as it also continues to play a critical role in the overall development of the banking sector in Tanzania.

In conclusion I would like to take this opportunity to thank our shareholders, customers, and partners for their unwavering support of the Bank over the years. I also thank my fellow Directors for their consistent support and commitment to their roles on the Board and to the affairs of the Bank.

My deep appreciation goes to Bank employees for their diligent contribution and their invaluable role in executing our strategy.



Prof. Joseph Semboja
Chairman

matakwa na matarajio ya Benki Kuu ya Tanzania (BoT) na Mamlaka ya Masoko ya Mitaji na Dhamana (CMSA). Pia, bodi imetoa mwongozo wa maadili ya benki kwa wafanyakazi wote ili kuhakikisha kwamba maadili ya benki yanazingatiwa katika mahusiano yao kama wafanyakazi vilevile baina yao na wateja pamoja na wadau wengine.

GAWIO

Bodi imeendelea kuwianisha ongezeko la thamani la wanahisa na hitaji la kurejesha fedha katika biashara kwa maendeleo ya baadaye. Kama kielelezo cha mwendelezo wa imani katika kuendeleza mizania na kuweza kuongeza mapato, Benki imependekeza gawio la Shilingi 104 kwa hisa, sawa na Shilingi bilioni 52 (2015: Shilingi 104 kwa hisa) kama ilivyokuwa mwaka uliopita.

HITIMISHO NA SHUKURANI

Matumaini yangu kwa Benki ni mafanikio makubwa. Tukiwa na Bodi mahiri na yenye weledi pamoja na menejimenti thabiti na imara, nina imani kwamba benki itaendelea kukua katika mwelekeo chanya ikiendelea na jukumu lake kubwa na la msingi la kuendeleza sekta ya benki Tanzania kwa ujumla.

Katika kuhitimisha, ningependa kutumia fursa hii kuwashukuru wanahisa wetu, wateja na washirika kwa kutuunga mkono pasipo kusita kwa miaka kadhaa. Pia nawashukuru Wakurugenzi wenzangu kwa ushirikiano na moyo wa kujitoa katika kutekeleza majukumu yao kwenye Bodi.

Shukurani zangu za dhati zinakwenda kwa wafanyakazi wa Benki kwa mchango wao mkubwa na utekelezaji wa majukumu yao kwa kiwango cha hali ya juu katika kutimiza mkakati wetu.



Prof. Joseph Semboja
Mwenyekiti

Managing Director's Report

Taarifa ya Mkurugenzi Mtendaji

“ Despite the challenging economic environment in the year, NMB was able to deliver growth. The Bank's net profit increased by 2.4% from the previous year to TZS 153.8 billion. ”

“ Licha ya changamoto za mazingira ya kiuchumi kwa mwaka 2016, NMB iliweza kukua. Faida halisi ya benki iliongezeka kwa asilimia 2.4 kutoka mwaka uliopita na kufikia Shilingi bilioni 153.8 ”



Ms. Ineke Bussemaker

OPERATING ENVIRONMENT

It is with great pride and gratitude that I present to you NMB's positive performance in the year 2016.

In 2016 there were some macro and fiscal economic policy changes which impacted the environment in which banks such as NMB operated. Banks are having to revise their strategies and re-examine their business models in order to adjust to the new operating environment. I am happy to report that NMB managed to navigate these changes well.

There were also periods of liquidity tightness during the year as the private sector adjusted to the shifts in macro-economic policy. As a result, the banking sector deposit growth rate was negligible during the year and lending to the private sector grew at a considerably slower rate than in the past several years.

BANK'S PERFORMANCE

Despite the challenging economic environment in the year, NMB was able to deliver growth. The Bank's net profit increased by 2.4% from the previous year to TZS 153.8 billion. The growth is attributed to an increase in the Bank's operating income.

The Bank's total assets grew by 8% from TZS 4,580 billion in 2015 to TZS 4,951 billion in 2016. Loans and advances to customers rose to TZS 2,794 billion, a 13% increase from TZS 2,482 billion in the previous year.

The economic environment impacted the loan book quality, which deteriorated to an NPL ratio of 4.8% in 2016 from 2.4% in 2015.

The Bank's capital base remained well above the required ratios, with the Bank reporting a Total Capital Adequacy Ratio of 20% for 2016 and Tier 1 Capital Ratio of 19%.

BUSINESS OVERVIEW

Retail Banking

Retail Banking is composed of three commercial units: Personal Banking, Business Banking and Alternative Channels. The department is supported by the Marketing and Branch network unit which is responsible for branch banking and management of the traditional channel.

The personal banking segment is responsible for delivering banking solutions to individuals. These include transactional and saving accounts, consumer loans as well as home loans.

The business banking segment is responsible for providing end-to-end banking services to micro, small and medium enterprises (MSMEs). Over the years, the segment has steadily grown its client base and contribution to the total bank revenue.

MAZINGIRA YA UENDESHAJI

Ninayo heshima na furaha kuwasilisha kwenu taarifa nzuri ya utendaji ya NMB katika mwaka 2016.

Mwaka 2016 ulikuwa na mabadiliko ya sera za kiuchumi ambayo yaliathiri mazingira ya uendeshaji wa benki kama NMB. Mabadiliko haya yamechangia Benki kubadili mikakati na kuchunguza upya miundo ya biashara ili kumudu mazingira mapya ya uendeshaji. Ninafuraha kuwaarifu ya kwamba NMB imeweza kumudu vyema mabadiliko haya.

Kulikuwa na vipindi vya ukosekanaji wa ukwasi katika mwaka. Matokeo yake, akiba katika sekta ya benki zilikuwa kwa kiasi kidogo na mikopo kwa sekta binasfi pia ilikuwa kwa kiasi cha chini ikilinganishwa na miaka kadhaa iliyopita.

UTENDAJI WA BENKI

Licha ya changamoto za mazingira ya kiuchumi kwa mwaka 2016, NMB iliweza kukua. Faida halisi ya benki iliongezeka kwa asilimia 2.4 kutoka mwaka uliopita na kufikia Shilingi bilioni 153.8. Kukua huko kulichangiwa na kuongezeka kwa mapato yaliyotokana na shughuli za uendeshaji wa Benki.

Rasilimali za benki (Assets) zilikuwa kwa asilimia 8 kutoka Shilingi bilioni 4,580 mwaka 2015 hadi Shilingi bilioni 4,951 mwaka 2016. Mikopo kwa wateja ilipanda hadi kufikia Shilingi bilioni 2,794 ikiwa ni ongezeko la asilimia 13 kutoka Shilingi bilioni 2,482 mwaka uliopita.

Mazingira ya kiuchumi yaliathiri ubora wa daftari la mikopo ambao uliporoka hadi kufikia 4.8 ya mikopo chechefu kwa mwaka 2016 kutoka asilimia 2.4 ya mwaka 2015.

Mtaji wa Benki uliendelea kuimarika ukiwa juu ya uwiano unaotakiwa, Benki ilikuwa na uwiano wa utoshelevu wa mtaji wa asilimia 20 kwa mwaka 2016 na uwiano wa mtaji wa Tier 1 wa asilimia 19.

TATHMINI YA BIASHARA

Idara ya Wateja binafsi

Idara ya Wateja binafsi na wa Kati imeundwa na vitengo vitatu: Kitengo cha wateja binafsi Kitengo cha biashara ndogo na za kati na huduma mbadala za kibenki. Idara hii inasaidiwa na kitengo cha Masoko na Mtandao wa Matawi wenye jukumu la uendeshaji na usimamizi wa matawi.

Kitengo cha wateja binafsi kinawajibika kutoa huduma za kibenki kwa wateja. Hii ni pamoja na huduma za kibiashara na akaunti za akiba na mikopo kwa wateja.

Kitengo cha biashara ndogo na za kati kina jukumu la kutoa huduma kwa wajasiriamali wadogo na wa kati. Kwa miaka mingi, kitengo hiki kimekuwa kikiongeza idadi ya wateja kwa kasi na kutoa mchango mkubwa kwa mapato ya jumla ya benki.

More than 11,200 business banking customers benefited from financial literacy trainings that the bank provided to the 34 NMB Business Clubs across the country. SME Forums events were held in all major cities to train business people on NMB offerings.

NMB Business centres have been designed to meet the special needs of the SME customers which include relationship banking and customized service experience. NMB has 7 fully fledged business centres across the country to just serve SMEs.

Alternative Channels is responsible for onboarding customers through a digital platform. These include Instant Account Opening through Chap Chap Instant Account, electronic payment solution for farmers – eKilimo, and interactive customer engagement and support through our Contact Center and Social Media presence.

Wholesale Banking

The Wholesale Banking department is comprised of Corporate Banking (large corporate customers and parastatals), Government Banking (central and local government) and Institutional Banking (insurance, pension funds, NGOs and governmental agencies), supported by specialised Transactional Banking and Trade Finance teams.

Treasury

The Treasury department manages the Bank's liquidity position as well as provides local money market and foreign exchange services to customers.

Agribusiness

The Agribusiness unit deals with the provision of financial services to value chains of selected crops in subsectors of focus e.g. cash crops, cereals, oilseeds, horticulture and livestock/animal proteins.

Targeted customers include individuals, small, medium, large and corporate farmers including agricultural input suppliers, processors, traders, importers and exporters.

The department aims to enhance knowledge and deeper understanding of the agriculture sector both internally and externally through its Food and Agribusiness Research and Advisory Services unit (FAR).

ICT & Operations

The ICT & Operations department is tasked with building and operating the critical technology infrastructure that underlies the Bank's operations. Furthermore, the department also provides key support services to the Bank's internal units and departments.

Zaidi ya wateja 11,200 walinufaika kwa mafunzo ambayo yalitolewa na benki kupitia vilabu 34 vya Biashara za NMB zilizopo nchini kote. Makongamano ya SME yalifanyika katika majiji yote kutoa mafunzo kwa wafanyabiashara kuhusu huduma zinazotolewa na NMB.

Vituo vya Biashara vya NMB vimeundwa ili kukidhi mahitaji maalumu ya wateja wa kundi la SME ambayo yanajumuisha uhusiano wa kibenki na uzoefu katika utoaji wa huduma kwa wateja. NMB ina vituo 7 vya biashara vilivyokamilika sehemu mbalimbali nchini kwa ajili ya kutoa huduma kwa wateja wa SME tu.

Kitengo cha Njia Mbadala za Kibenki kinawajibika wa kufungulisha akaunti wateja wapya kupitia njia za kidigitali. Hii inajumuisha kufungua akaunti ndani ya muda mfupi kupitia Chap Chap Instant Account, suluhisho la malipo ya kielektroniki mahususi kwa wakulima – eKilimo na ushirikiano wa karibu na mteja na msaada kupitia kituo chetu cha Mawasiliano na mitandao ya kijamii.

Idara ya Wateja Wakubwa na Serikali

Idara ya Wateja wakubwa na Serikali inatoa huduma za kibenki kwa wateja wakubwa (taasisi kubwa na mashirika), Serikali (Kuu na Serikali za Mitaa), taasisi (bima, mifuko ya pensheni, mashirika yasiyo ya kiserikali (NGO) na wakala wa kiserikali), ikisaidiwa na timu mahususi ya Huduma za Miamala ya Kibenki.

Idara Ya Hazina

Idara ya Hazina inasimamia ukwasi wa Benki ikiwa ni pamoja na ushiriki wetu katika masoko ya fedha za ndani na ubadilishaji wa fedha za kigeni.

Idara ya Biashara za Kilimo

Idara ya Biashara za Kilimo hutoa huduma za kifedha kwa kuangalia mnyororo mzima wa mazao huku ikiainisha baadhi ya mazao hasa ya biashara kama vile. nafaka, mbegu za mafuta, kilimo cha bustani na mifugo.

Walengwa ni wateja binafsi, wadogo, wa kati, wakubwa na mashamba makubwa pamoja na wasambazaji wa pembejeo za kilimo, wasindikaji, wafanyabiashara, wanaoagiza mazao kutoka nje na wanaosafirisha mazao nje ya nchi.

Idara inalenga kuongeza uelewa na ufahamu wa kina kuhusu sekta ya kilimo ndani na nje kupitia kitengo chake cha Huduma za Utafiti na Ushauri wa masuala ya Chakula na Biashara ya Kilimo (FAR).

Idara Ya Tehama Na Uendeshaji

Idara ya TEHAMA na Uendeshaji ina jukumu la kujenga miundombinu bora ya teknolojia ambayo itakidhi utendaji kazi wa Benki. Aidha, idara hii pia hutoa huduma kwenye vitengo na idara zote ndani ya benki.

Human Resources

The HR department supports the bank in delivering its strategy by putting people at the heart of everything we do. The unit closely works with the business to ensure business success by driving a performance culture and supporting people management and development.

As at 31 December 2016, the total headcount was at 3,432 employees (47% female and 53% male) against an approved headcount of 3,549.

Risk

The Risk function provides independent oversight and control on the Bank's operational, credit, market, compliance, forensics and other risks. The Risk function became an independent unit in the year after being a unit under the Credit department in the past. As the second line of defence, the Risk department is now fully and autonomously overseeing the credit process.

Internal Audit

The Internal Audit Function (IAF) reports functionally to the Board of Directors through the Board Audit, Risk and Compliance Committee (BARCC) and provides reasonable assurance and advice to the Board and management as to the adequacy and effectiveness of the bank's risk management, controls and governance processes.

In line with an annual risk based audit plan approved by the BARCC, IAF conducts audits of key risk areas of the bank's operations at Head Office and Branches, and issues recommendations to improve risk management, controls and governance processes. All audit action items are tracked through the IA function with a view to ensure that they are timely closed.

The IAF continued to conduct audits in line with the Institute of Internal Auditors (IIA) standards as confirmed by external quality assessors. During the year the key focus of IAF was to strengthen the use of technology in the audit process in particular the use of data analytics

Rasilimali Watu

Idara ya Rasilimali Watu inasaidia benki kutekeleza mikakati yake kwa kuweka watu sehemu wanazostahili ndani ya benki. Kitengo kinafanya kazi kwa ukaribu na vitengo vingine ili kuhakikisha benki inapata mafanikio ya kibiashara kwa kujenga tamaduni ya ufanyaji kazi bora kwa kusimamia wafanyakazi na maendeleo yao.

Hadi kufikia Desemba 31, 2016, jumla ya wafanyakazi ilikuwa 3,432 (asilimia 47 wanawake na asilimia 53 wanaume) kati ya idadi ya wafanyakazi 3,549 iliyoidhinishwa.

Idara ya Udhibiti wa Vihatarishi

Idara ya Udhibiti wa Vihatarishi inatoa uangalizi na udhibiti wa utendaji wa benki, mikopo, masoko, ikibali na Vihatarishi vingine vinavyoweza ikumba benki. Baada ya kuwa kitengo chini ya Idara ya Mikopo, Idara ya Udhibiti wa Vihatarishi ilianza kujitegemea katika mwaka 2016. Ikiwa kama ngazi ya pili ya ulinzi, Idara ya Udhibiti wa Vihatarishi hivi sasa inajitegemea kabisa ikiwa inasimamia shughuli za mikopo.

Ukaguzi Wa Ndani

Idara ya Ukaguzi wa Ndani (IAF), kiutendaji inawajibika kwa Bodi ya Wakurugenzi kupitia kamati ya Bodi ya Ukaguzi, Athari na Ikibali na hutoa uhakikisho na ushauri kwa Bodi na Menejimenti juu ya ufanisi wa usimamiaji wa athari, udhibiti na utawala bora.

IAF hufanya ukaguzi wa maeneo muhimu ya athari makao makuu na kwenye matawi yote kwa kufuata mpango kazi wa mwaka uliodhinishwa na Kamati ya Bodi ya Ukaguzi, Athari na Ikibali na kutoa mapendekezo ya namna ya kuboresha usimamizi wa athari pamoja na michakato ya uthibiti na utawala bora. Hoja zote za ukaguzi hufuatiwa na Idara ya Ukaguzi wa Ndani kwa lengo la kuhakikisha kwamba hoja hizo zimeteklezwa kikamilifu na kwa muda uliopangwa.

Idara ya Ukaguzi wa Ndani (IA) imeendelea kufanya ukaguzi kwa kufuata viwango vya kimataifa vya ukaguzi wa ndani vinavyotolewa na Taasisi ya Ukaguzi wa Ndani Kimataifa (IIA). Katika kipindi cha mwaka huu idara ya ukaguzi ilijikita zaidi kuboresha uwezo wake wa kufanya ukaguzi kwa kutumia teknolojia na hasa uwezo wa kuchambua taarifa nyingi za maeneo mbalimbali ya utendaji wa benki kwa kutumia kompyuta.

PROGRESS ON VISION 2020 INITIATIVES

Deposit Mobilization

Although mobilizing deposits has never been an easy task, the economic environment in the year made it even harder; very little progress was made with the deposit mobilization campaigns that were ran in the year.

We were however able to develop, test and even launch a number of innovative products that will aid our customer acquisition efforts especially amongst the under-served and unbanked.

In 2016, we successfully launched the direct agency model NMB Wakala and rolled out over 1,600 NMB Wakalas in various parts of the country. With direct support from the bank, the agents are able to provide basic transactional services such as cash deposits and withdrawals, balance checks and even opening personal bank accounts via Chap Chap Instant Account where an account is opened on the spot by use of a mobile device.

We also launched the Pamoja Account, a savings account specifically designed to support informal groups which are well organized in improving their welfare. The account allows group members to safely and securely save their daily/weekly/monthly contributions in the formal financial system.

Through a collaborative effort with Women's World Bank (WWB), we developed and launched Wajibu, a banking proposition for the youth: a combination of savings and transaction accounts. The proposition consists of a number of products that cater to different age groups in the youth segment and is coupled with a financial capability education element. In just six months of launching the proposition, we were able to open 36,812 accounts and collect over TZS 67 billion in deposits; this further highlights innovation's role in increasing financial inclusion.

Operational Efficiency

Improving our way of doing business is key in realizing our Vision 2020 ultimate goals. It is to this effect that we launched the Twaweza campaign which is set to improve our customer service across the entire bank by making improvements in people, processes and systems. Quick wins include better floor management in branches, higher availability of ATMs and faster cheque processing.

Although we made progress in 2016, I know we still have to put in further efforts to reach the desired state. The Management Team is committed to seeing to it that NMB becomes a market leader in all banking services, including efficiency and customer service

MAENDELEO YA MIPANGO YA DIRA YA MWAKA 2020

Uhamasishaji wa kuweka amana

Japokuwa kazi ya uhamasishaji wa uwekaji amana haijawahi kuwa kazi rahisi, mazingira ya kiuchumi ya mwaka huu yameifanya kuwa ngumu zaidi, ni hatua ndogo iliyopigwa katika uhamasishaji wa uwekaji amana katika kampeni iliyoendesha katika mwaka.

Hata hivyo, tuliweza kuandaa, kujaribu na hata kuzindua bidhaa kadhaa tulizobuni ambazo zitawasaidia wateja wetu hususani wale ambao hawapati huduma na wasio na benki.

Mwaka 2016, tulifanikiwa kuzindua huduma ya NMB Wakala na kuandikisha mawakala zaidi ya 1,600 sehemu mbalimbali za nchi kwa msaada wa moja kwa moja kutoka benki, mawakala wanaweza kutoa huduma za miamala kama kuweka na kutoa fedha taslimu, kujua salio na hata kufungua akaunti binafsi kupitia Chap Chap Instant Account ambapo akaunti inafungulia hapohapo kwa kutumia simu ya mkononi.

Pia tuliweza kuandaa na kufanya majaribio ya kuanzisha Chap Chap Plus, mfumo ambao unamuwezesha mtu binafsi kufungua akaunti kwa kutumia simu yake ya mkononi. Akaunti ya Chap Chap Plus baadaye itamuwezesha mteja kuweka akiba na hapohapo kukopa katika benki.

Kwa jitihada za pamoja na Benki ya Wanawake Duniani (WWB), tuliandaa na kuzindua mradi wa kibenki wa vijana wa muunganiko wa akaunti za akiba na miamala. Mradi huo unajumuisha huduma kadhaa ambazo zinawagusa vijana wa umri tofauti ikiwamo uwezesaji wa kifedha katika masuala ya elimu. Katika miezi sita tu tangu kuzindua mradi huo, tuliweza kufungua akaunti 36,812 na kukusanya zaidi ya Shilingi bilioni 67 za amana; hili linazidisha umuhimu wa ubunifu katika masuala ya ushirikishwaji wa kifedha.

Ufanisi wa Utendaji

Kuboresha utaratibu wetu wa kufanya biashara ni jambo la msingi katika kufikia dira ya mwaka 2020. Ni katika mtazamo huo, tulizindua kampeni ya Twaweza ambayo inalenga kuboresha huduma zetu kwa wateja katika benki nzima kwa kuboresha wafanyakazi, taratibu na mifumo. Mafanikio ya haraka ni pamoja na usimamizi nafuu matawini, uongezaji wa upanikanaji wa ATM na upitishaji wa hundi kwa haraka zaidi.

Japokuwa tulipiga hatua mwaka 2016, nafahamu kuwa bado tuna safari mbele yetu ya kufikia tunapopataka. Menejimenti imedhamiria kuona kwamba NMB inaongoza katika huduma za kibenki zikiwamo pamoja na utendaji bora na huduma kwa wateja.

Generating New Business

I am pleased with the progress that was made in realizing new revenue streams during the year. We launched the AgriBiashara proposition, our renewed focus on serving customers across the entire value chain in agriculture, the largest sector in Tanzania. In 2016, we were able to double the agribusiness loan book and have expressed an ambition to grow it significantly over the next few years.

The Trade unit expanded and was consequently able to do more business compared to the previous year which resulted into an 83% increase in Trade revenue generated.

In addition to generating new business and increasing our customer base with the existing product offering, we know that it is critical for the bank to create new revenue streams. In line with our Vision 2020 aspirations to diversify our loan product portfolio, we intend to grow the Mortgage portfolio.

We acquired a licence from the Capital Markets and Securities Authority (CMSA) to offer investment advisory services; we aim to commence providing advisory services in the second half of 2017.

OUTLOOK

Tanzania's GDP growth averaged 7% during the year and is expected to pick up pace largely due to a number of infrastructure projects including the standard gauge railway, as well as improvement of the ports services.

With over 55 financial institutions in the country, competition in the banking sector is bound to remain fierce. The pursuit of affordable funding is likely to bring about a lot of innovation within the industry. Process automation, the expansion of the agency banking network and continued innovation in the mobile and digital channels will remain at the forefront of our priorities.

In keeping up with the changing needs of customers, we will explore the provision of new products and services. Through the Twaweza campaign we trust that we will continue improving our processes and subsequently our service delivery across the network.



Ineke Bussemaker
Managing Director

Kuanzisha Biashara Mpya

Ninafurahishwa na hatua iliyopigwa katika upatikanaji wa vyanzo vipya vya mapato katika mwaka. Tulizindua mradi wa AgriBiashara ikiwa ni mwelekeo wetu mpya katika kuwahudumia wateja katika shughuli zote za kilimo ambayo ndiyo sekta kubwa zaidi Tanzania. Mwaka 2016, tulifanikiwa kutoa mikopo ya kilimo maradufu na bado kuna dhamira ya kuendelea kukua kwa kiasi kikubwa miaka michache ijayo.

Kitengo cha Biashara kilipanuka na kufanikiwa kufanya biashara zaidi kulinganisha na miaka ya nyuma hivyo kufikia ongezeko la asilimia 83 la mapato ya miradi ya biashara.

Pamoja na kuanzisha biashara mpya na kuongeza wigo wa wateja katika bidhaa tunazotoa, tunafahamu kwamba ni jambo muhimu kwa benki kuanzisha vyanzo vipya vya mapato. Sambamba na matarajio ya Dira yetu ya 2020 ya kuongeza aina za mikopo tunayotoa, tumedhamiria kukuza daftari la mikopo ya nyumba.

Tulipata leseni kutoka Mamlaka ya Masoko ya Mitaji na Dhamana (CMSA) kwa ajili ya kutoa huduma za ushauri wa mitaji tunatarajia kuanza kutoa huduma ya ushauri katika nusu ya pili ya mwaka 2017.

MATARAJIO

Ukuaji wa Pato la Taifa la Tanzania (GDP) ulikua kwa wastani wa asilimia 7 kwa mwaka na unatajiwa kukua kwa kasi zaidi kutokana na uwekezaji katika miundombinu mbalimbali ikiwamo ujenzi wa reli ya standard gauge pamoja na kuboresha huduma za bandari.

Kukiwa na zaidi ya taasisi 55 za kifedha nchini, ushindani katika sekta ya benki unatarajiwa kuendelea kuwa mkali. Kazi ya kufukuzia fedha inatarajiwa kuongeza uvumbuzi katika tasnia. Mchakato wa utumiaji wa mitambo inayojiendesha, upanuzi wa mtandao wa huduma za uwakala wa kibenki na kuendelea na uvumbuzi wa huduma za kidigitali vitaendelea kuwa vipaumbele vyetu.

Katika kuendana na mabadiliko ya mahitaji ya wateja wetu, tutaangalia uwezekano wa kutoa bidhaa na huduma mpya. Kupitia kampeni ya Twaweza, tunaamini kwamba tutaendelea kuboresha njia zetu za utoaji huduma na kisha utoaji wa huduma katika mtandao mzima.



Ineke Bussemaker
Mkurugenzi Mtendaji



Elimu yake. Maisha yake ya baadaye.
WAJIBU wangu

NMB Junior Account sasa inaitwa

NMB MTOTO AKAUNTI

- Kwa mzazi/mlezi mwenye watoto wenye umri wa miaka kati ya **0-17**
- Kiwango cha chini cha kufungua akaunti ni **TZS 5,000** (au **USD/EURO/GBP 5**)
- Haina makato ya uendeshaji wa akaunti ya kila mwezi
- Weka kiasi chochote cha fedha kupitia **NMB Mobile**, au **NMB wakala** au **Matawi ya NMB** na uweze kupata huduma muda wowote
- Pata riba ya ziada ya kuvutia kwa kiwango chochote kilicho kwenye akaunti yako
- Pata huduma ya bure ya kuhamisha fedha kwa agizo maalumu (Standing Order)



NMB Wakala



NMB Mobile



NMB Branch



NMB App

*Vigezo na masharti kuzingatiwa

SUSTAINABILITY AND
CORPORATE SOCIAL RESPONSIBILITY

UENDELEU NA WAJIBU WA
KAMPUNI KWA JAMII



CORPORATE SOCIAL RESPONSIBILITY (CSR)

NMB allocates one percent (1%) of its profit after tax towards CSR projects. The funds allocated aim to provide high quality social services in upholding the wellbeing of communities.

CSR STRATEGY

We are dedicated to positively contributing to the wellbeing of the community that surrounds us. Through our CSR, we invest in education, health, financial capability and disaster recovery initiatives.

CSR COMMITTEE

The bank has a CSR committee which is responsible for approving the bank's CSR initiatives as well as ensuring that NMB's Board of Directors and key executives are fully informed on the ongoing CSR Projects. The committee is comprised of three management team members and chaired by the Managing Director. CSR reports are shared with government stakeholders on a quarterly basis

1. EDUCATION

With the implementation of the free education policy, the bank in collaboration with the government through TAMISEMI has committed to develop a shared vision for a more learner-centric education environment.

In 2016, over TZS 900m was spent in improving the learning environment for young children in Tanzania by providing over 10,000 school desks to 259 primary and secondary schools across the country. Donations to school libraries and the provision of laboratory stools and gas system for secondary schools were also supported.

In recognizing the potential of ICT as a tool for improving education delivery, NMB handed over 250 used computers to 30 primary and secondary schools.

NMB staff volunteered in onboarding the students to ensure a smooth adoption of the new technology

2. HEALTH

NMB is invested in improving the quality of public hospitals/ health centers in the communities we serve. In line with the national development goals, we strive to alleviate the capacity challenge faced by the health institutions by providing complete sets of normal hospital beds/delivery beds, waiting benches, ward separates as well as furnishing hospital waiting areas/bays.

WAJIBU WA KAMPUNI KWA JAMII (CSR)

NMB imetenga asilimia moja (1%) ya faida yake baada ya kodi kwa shughuli za Uwajibikaji wa Jamii (Corporate Social Responsibility - CSR). Fungu linalotengwa linalenga kusaidea huduma za kijamii ili ziweze kutolewa kwa ubora wa hali ya juu, hii yote ni katika kuboresha ustawi wa jamii.

MKAKATI WA CSR

Tunayo dhamira nzuri ya kuchangia maendeleo ya jamii na kuhakikisha kuwa tunasaidia kuimarisha ustawi wa jamii inayotuzunguka. Kupitia kitengo chetu cha CSR, tumejikita kusaidea sekta za elimu, afya, uwezesaji wa kifedha na misaada kipindi nchi yetu itakapopata majanga.

KAMATI YA CSR

Benki ina kamati maalumu ya CSR yenye wajibu wa kupitisha maombi mbalimbali yanayotolewa na kuhakikisha kuwa bodi ya wakurugenzi na menejimenti inakuwa na taarifa zote juu ya miradi mbalimbali ya CSR inayofanyika ndani ya benki. Kamati inajumuisha watu watatu kutoka menejimenti na mwenyekiti wake ni Mkurugenzi Mtendaji wa benki. Ripoti za CSR huwasilishwa kwa wadau wa Serikali katika kila robo ya mwaka.

1. ELIMU

Katika utekelezaji wa sera ya elimu bure, benki kwa kushirikiana na Serikali kupitia TAMISEMI imedhamiria kuendeleza ushirikiano wa kuboresha mazingira ya utoaji wa elimu hapa nchini.

Mwaka 2016, zaidi ya Shilingi milioni 900 zilitumika kugharamia zaidi ya madawati 10,000 zikisaidia shule 259 za msingi na sekondari katika mikoa mbalimbali nchini. Misaada kwa ajili ya maktaba za shule na viti na mifumo ya gesi kwa maabara pia ilitolewa.

Katika kutambua umuhimu wa TEHAMA katika kuboresha elimu, NMB ilitoa zaidi ya kompyuta 250 zilizotumika kwa shule 30 za msingi na sekondari nchini.

Wafanyakazi wa NMB walijitolea kutoa mafunzo kwa wanafunzi ili kuhakikisha kwamba wanakuwa na uelewa wa teknolojia hiyo.

2. AFYA

NMB imewekeza katika kusaidea uimarishaji wa hospitali/ vituo vya afya vya umma ndani ya jamii inayozunguka matawi ya NMB. Katika mrengo wa malengo ya maendeleo ya taifa, tunapambana kuhakikisha tunapunguza changamoto za uwezo zinazozikabili taasisi za afya kwa kutoa seti zilizokamilika za vitanda vya kawaida/vya kujifungulia,

In 2016, a budget of over TZS 260m/- was allocated to support the health sector. A total of 33 hospitals in the country received complete sets of hospital beds and delivery beds. Beneficiaries include Mpanda hospital, Chihangu hospital, Dodoma hospital, Nyamongo hospital, Musoma hospital and Handeni hospital.

3. FINANCIAL CAPABILITY

NMB is passionate about building financial capability in the community. We believe that attention to financial capability is essential for the success of other ongoing financial inclusion initiatives. In 2015, the Bank integrated the revamping of the financial literacy program (Youth Banking Proposition program) with the objective of making financial services accessible to all Tanzanians especially the youth in Primary, Secondary and College Level.

In collaboration with Women's World banking (WWB), an in-depth industry and market research was conducted which revealed an opportunity to build a savings culture amongst the youth through a revamped youth proposition. In July 2016, the Bank launched WAJIBU-Jifunze, Jipange-Wajibika!- a school based financial capability education program.

A standardized curriculum is delivered to both government and non-government schools by qualified branch based facilitators. The curriculum is also made available online through the content partnership with Shule Direct- a web based education platform accessed by both parents and the youth.

Since the launch of the project, we have reached 3,000 and 2,263 youth and parents/guardians respectively. In our school based sessions while for 2017 we strive to reach 48,000 youth and same number of parents/guardians through our ongoing school program.

4. NATURAL DISASTER RECOVERY

In 2016, our country was hit by some natural disasters, leaving thousands of people in need for support to recover. NMB extended a helping hand to the victims affected by floods in Hai, Pawaga- Iringa, Ruangwa, earthquake in Kagera, Cholera in Morogoro etc. A total of TZS 92m was spent in recovery initiatives to bring relief to the affected communities.

vitenganishi vya wodi pamoja na kuweka samani katika sehemu za kusubiri huduma za hospitali.

Mwaka 2016, zaidi ya Shilingi milioni 260 zilitengwa kwa ajili ya kusaidia sekta ya afya. Jumla ya hospitali 33 nchini zilipokea seti kamili ya vitanda vya kawaida na vitanda vya kujifungulia. Wanufaika ni pamoja na hospitali za Mpanda, Chihangu, Dodoma, Nyamongo, Musoma na Handeni.

3. ELIMU YA FEDHA

NMB imedhamiria kujenga uelewa wa kutosha wa masuala ya kifedha katika jamii ili kujenga jamii yenye uelewa wa kutosha wa fedha na pia jinsi ya kuweka akiba. Tunaamini kuwa mkazo katika kujenga jamii yenye uwezo wa kifedha ni muhimu zaidi katika kipindi hiki ambacho tunaendesha juhudi za kusaidia jamii kuwa na uelewa mzuri wa matumizi ya taasisi za kifedha.

Mwaka 2015, Benki ilikamilisha programu ya kukuza uelewa wa masuala ya kifedha hususani kwa makundi ya vijana ikiwa na lengo la kuzifanya huduma za kifedha kupatikana kwa Watanzania wote hususani vijana katika ngazi za shule za msingi, sekondari na vyuo.

Kwa kushirikiana na Taasisi ya Benki ya Wanawake Duniani (WWB), utafiti wa kina ulifanyika na kubainisha uwapo wa fursa ya kujenga utamaduni wa kuweka akiba miongoni mwa vijana.

Julai 2016, Benki ilizindua programu ya elimu ya kuwajengea vijana uwezo wa kifedha mashuleni ya WAJIBU-Jifunze, Jipange-Wajibika!

Mtaala (mtalaa) uliosanifiwa umetolewa kwa shule za serikali na zisizo za serikali na tawi la wawezeshaji wenye ujuzi wa kutosha. Mtaala huo pia unapatikana katika mtandao kupitia ushirikiano wa kimaudhui wa Shule Direct-jukwaa la elimu kimtandao linaloweza kufikiwa na wazazi pamoja na vijana.

Tangu kuzinduliwa kwa mradi, tumewafikia vijana 3,000 na wazazi/walezi 2,263 katika vipindi vyetu vya shule huku kwa mwaka 2017 tukijitahidi na kuwafikia vijana 48,000 na idadi hiyo hiyo ya wazazi/walezi kupitia programu zetu zinazoendelea mashuleni.

4. MAJANGA YA ASILI

Mwaka 2016, nchi yetu ilikumbwa na majanga ya asili, na kuwafanya maelfu ya watu kuhitaji msaada. NMB ilitoa msaada kwa waathirika wa mafuriko huko Hai, Pawaga – Iringa, Ruangwa, tetemeko la ardhi huko Kagera, kipindupindu mkoani Morogoro nakadhalika. Jumla ya Shilingi milioni 92 zilitumika kwa ajili ya kuzisaidia jamii zilizoathirika.

EMPLOYEE ENGAGEMENT

In line with our commitment to operate in a sustainable manner with the community at the center of our agenda, we encourage members of staff to undertake/volunteer in CSR projects of their choice. The bank matches up to TZS 1m of what the employees raise for a project. Together, NMB CSR and NMB employees have donated a total of TZS 41M to a range of charitable organizations.

YOUTH EMPOWERMENT

NMB strives to empower the youth. In 2016, we partnered with NAFASI Art Space, a multi-disciplinary creative hub working to conduct entrepreneurship skills workshops focusing on business planning, budgeting, sourcing of funds marketing and financial planning for startups.

The bank also donated 5 three-wheelers in Dodoma and Songwe Regions to aid garbage collection; this led to the creation of employment opportunities for the youth in the regions.

SUPPORTING WOMEN GROUPS

The bank is keen to match women led projects with financial solutions that will ensure sustainability and growth of their businesses.

In 2016 used computers were donated to bee-keeping women groups in Singida to assist them with record keeping. Capacity building training was also conducted to address entrepreneurship and financial management skills gaps.

USHIRIKISHAJI WA WAFANYAKAZI

Pamoja na ahadi yetu ya kufanya kazi endelevu na jamii kwa kuzingatia ajenda yetu, tunawatia moyo wafanyakazi wetu kufanya/kujitolea katika miradi ya CSR ya chaguo lao. Benki inajazia hadi Shilingi milioni moja kwa kile ambacho wafanyakazi wanakitoa kwa ajili ya mradi. Kwa pamoja, NMB, CSR na wafanyakazi wa NMB wamechanga jumla ya Shilingi milioni 41 kwa ajili ya shughuli mbalimbali za hisani.

UWEZESHAJI WA VIJANA

NMB inajitahidi kuwawezesha vijana. Mwaka 2016, tulishirikiana na NAFASI Art Space, kikundi kinachojishughulisha na mambo mbalimbali ya kiubunifu kuandaa warsha za ujasiriamali zilizolenga katika mipango ya kibiashara, bajeti, vyanzo vya mapato katika hatua za mwanzo, masoko na mipango ya kifedha.

Benki pia ilichangia pikipiki tano za magurudumu matatu katika mikoa ya Dodoma na Songwe kusaidia kazi za ukusanyaji wa takataka; hii imesaidia katika kuongeza fursa za ajira kwa vijana katika mikoa hiyo.

KUSAIDIA VIKUNDI VYA WANAWAKE

Benki ina nia ya kufungamanisha suluhisho la kifedha katika miradi ya wanawake ambalo litahakikisha kwamba kunakuwa na maendeleo endelevu ya ukuaji wa biashara zao.

Mwaka 2016, kompyuta zilizotumika zilitolewa kwa vikundi vya wanawake vya ufugaji wa nyuki Singida ili kuwasaidia katika uwekaji wa kumbukumbu. Mafunzo kwa ajili ya kuwajengea uwezo pia yaliendeshwa yakiwa na lengo la kubainisha mbinu mbalimbali za ujasiriamali na utawala wa kifedha.

CORPORATE GOVERNANCE

UTAWALA BORA



INTRODUCTION

NMB'S VISION IS TO BE THE PREFERRED FINANCIAL SERVICES PARTNER IN TANZANIA. ITS MAIN GOAL IS THE REALISATION OF CUSTOMER VALUE.

As a strategic objective, NMB aims for market leadership in Tanzania. NMB acts responsibly in the development of sustainable economic development. Its employees are a critical success factor to realise its ambitions.

Taking risks is inherent to these activities. The level of risk NMB is willing to take –its risk appetite– is determined by the Management and endorsed by the Board, which also assumes responsibility to manage these risks through the Board Audit, Risk and Compliance Committee and through The Board Credit Committee. The focus of the risk appetite statement is on credit risk, operational risk and market risk.

Continuity is a key objective for NMB. To guarantee this continuity, financial stability and a strong reputation are a prerequisite. NMB has a tradition and culture of prudent risk policies. This prudence is applied in making strategic decisions and executing them.

NMB aims for a low risk profile. Predictable and consistent financial results and solid balance sheet ratios are essential in this regard, which is, among others, expressed in a high objective for the Tier-1 capital ratio. Maintaining its reputation requires prudence, strong controls and immediate action on any shortcomings. The low risk profile should contribute to a greater stability of earnings. Such stability should be enhanced by preventive risk controls reducing the chance on occurrence of operational losses.

RISK MANAGEMENT FRAMEWORK

STRATEGIC FRAMEWORK

NMB's strategic framework is guided by our values and our mission to be the preferred Tanzanian financial service provider in both urban and rural areas.

RISK STRATEGY

NMB desires to keep its strong and robust financials in order to safeguard its sustainability. Therefore, it does not wish to enter into risks which, within reasonable expectation, could endanger this.

UTANGULIZI

DIRA YA NMB NI KUWA BENKI INAYOPENDWA ZAIDI TANZANIA. LENGU LAKE KUBWA NI KUTAMBUA THAMANI YA MTEJA.

NMB inalenga kuwa kiongozi katika biashara miongoni mwa taasisi za kifedha nchini. NMB inawajibika kuleta maendeleo endelevu ya kiuchumi. Wafanyakazi wake ni nguzo muhimu katika kufikia mafanikio.

Kuthubutu katika biashara ni asili ya shughuli za benki. Kiwango cha uwezekano wa kupata hasara ambacho NMB iko tayari kubeba dhamana – risk appetite– kinapangwa na menejimenti na kupitishwa na Bodi, ambayo pia ina wajibu wa kudhibiti athari kupitia Kamati ya Bodi ya Ukaguzi, Kamati ya Kudhibiti Hasara na Kamati ya Uzingatiaji Sheria Taarifa hii ya kiwango cha uthubutu inajikita katika maeneo ya mikopo, utendaji na masoko.

Mwendeleo ni muhimu kwa NMB. Kwa uhakika wa mwendeleo, Ukwasi na sifa ya benki ni jambo la kipaumbele. NMB ina desturi na utamaduni wa kuwa na sera nzuri za kudhibiti athari. Busara hii inatumika katika kufanya maamuzi ya kimkakati na utekelezaji wake.

NMB inalenga kuwa na kiwango cha chini cha uwezekano wa kupata hasara. Taarifa imara ya fedha na uwiano mzuri wa mizania ni muhimu katika suala hili, ambalo ni moja ya yaliyoonyeshwa kwenye jedwali la mchanganuo wa uwiano. Ili kudumisha sifa yake, inahitajika busara, udhibiti mzuri na hatua za haraka pale kunapojitokeza upungufu wowote. Uwezekano mdogo wa athari lazima uchangie kwenye mapato ya uhakika.

MFUMO WA USIMAMIZI WA VIHATARISHI

MFUMO WA KIMKAKATI

Mfumo wa kimkakati wa NMB unaongozwa na maadili na dhima yetu ambayo ni kuwa mtoaji wa huduma za kifedha anayekubalika katika maeneo yote ya Tanzania, mijini na vijijini.

MKAKATI WA USIMAMIZI WA VIHATARISHI

Tamaa ya NMB ni kuendelea kuwa taasisi imara na yenye nguvu katika masuala ya kifedha ili kulinda ustahamilivu wake.

Kwa sababu hiyo haihitaji kuingia kwenye mambo ambayo yataahiri matarajio yake na kuhatarisha jambo hili.

NMB has a risk strategy aimed at continuity with special focus on:

- Safeguarding its identity and reputation
- Protection of profits and profit growth
- Maintaining solid balance sheet ratios

These three focus areas of the risk strategy are not standalone, but have a strong interdependence. Reputation is important to keep the trust of the customers and investors and is therefore essential to maintain healthy balance sheet ratios. In turn, solid balance sheet ratios support the profitability and simultaneously the trust and reputation.

RISK MANAGEMENT

Within NMB, the Enterprise Risk Management (ERM) methodology is used to comprehensively manage and mitigate the bank's various (operating) risks to within acceptable limits of tolerance. It should be noted that this process is designed to manage rather than eliminate, the risk of failure to achieve bank's business objectives, and can only provide reasonable, and not absolute, assurance against material loss.

SYSTEM DEVELOPMENTS IN 2016

A few tools and initiatives were taken into consideration in order to further strengthen the risk framework and mitigate some risks. The Credit Department team developed a tool for automated credit decision making (credit scoring) on micro finance loans. This tool is now fully operational across the NMB branch network.

NMB ina mkakati wa udhibiti wa athari ambao una malengo mahsusi katika:

- Kulinda utambulisho na heshima yake
- Kulinda faida na ukuaji wake
- Kuimarisha uwiano wa mizania

Maeneo haya matatu yanayolengwa katika mkakati wa udhibiti wa athari hayaachwi peke yake, ingawa yamepewa uhuru mkubwa wa kutegemeana. Heshima ni jambo muhimu katika kudumisha imani ya wateja na wawekezaji, kwa hiyo ni muhimu kudumisha uwiano mzuri wa mizania. Uwiano imara wa mizania utachangia upatikanaji wa faida, kuaminika na heshima.

USIMAMIZI WA VIHATARISHI

Ndani ya NMB, njia ya Udhibiti wa Athari Kubwa – Enterprise Risk Management, inatumika kwa upana kusimamia na kupunguza makali ya athari za aina mbalimbali ya kiutendaji katika kiwango kinachokubalika. Ieleweke kwamba mpango huu umeandaliwa kwa ajili ya kusimamia, badala ya kuondoa uwezekano wa kushindwa kufikia malengo ya kibiashara na mchakato huu unaweza tu kuhakikisha upotevu wa kawaida wa mali na siyo kamilifu.

MAENDELEO YA MFUMO 2016

Ili kusaidia zaidi mchakato, zana chache na uvumbuzi vilizingatiwa katika kusaidia kuimarisha mfumo wa udhibiti wa athari na kupunguza baadhi ya athari. Idara ya Udhibiti wa Athari, ilitengeneza mfumo cha kufanya upembuzi wa mikopo (credit scoring). Mfumo huu unatumika kikamilifu kwenye matawi yote ya benki.



PROF. JOSEPH SEMBOJA BOARD CHAIRMAN

Prof. Joseph Semboja is an acknowledged leader in the field of Development Economics, with extensive research experience in the areas of growth and poverty reduction. He holds a B.A. and M.A. from the University of Dar es Salaam, MSc. and Ph.D. from the University of Illinois, Urbana-Champaign. He currently heads a leadership capacity building organization in the Institute of African Leadership for Sustainable Development (UONGOZI Institute).

Prof. Joseph Semboja ni mtaalamu aliyebokea katika masuala ya uchumi, ana uzoefu mkubwa wa utafiti kwenye ukuaji wa uchumi na kupunguza umaskini. Ana shahada ya B.A. na M.A. kutoka Chuo Kikuu cha Dar es Salaam, M.Sc. na Ph.D kutoka Chuo Kikuu cha Illinois, Urbana – Champaign. Kwa sasa anaongoza taasisi ya kuimarisha uwezo wa viongozi inayojulikana kama UONGOZI Institute.



INEKE BUSSEMAKER MANAGING DIRECTOR

Ms Bussemaker assumed the role of Managing Director of National Microfinance Bank PLC (NMB) on 25th May 2015. Prior to her current position, she was Head of Payment Services & Savings for Rabobank in The Netherlands, Responsible for product development and the operations of payment and savings products. Ms Bussemaker has 30 years of experience in banking having held senior positions in corporate banking, as a country manager and in transaction banking with Citigroup and ABN Amro. Furthermore she has also worked in the UK, Denmark, and Ireland. She holds an MBA in Business & IT from the Rotterdam School of Management and a Bachelor's degree in Mathematics from the University of Leiden in The Netherlands. Ms Bussemaker speaks fluent Dutch and English and is conversant in French and German.

Bi. Bussemaker alianza majukumu yake ya Mkurugenzi Mtendaji wa National Microfinance Bank PLC (NMB) tarehe 25 Mei, 2015. Kabla ya wadhifa huo, alikuwa Mkuu wa Huduma za Malipo na Akiba wa Rabobank nchini Uholanzi.

Wajibu wake ulikuwa ni kusimamia masuala yote yanayohusu shughuli za malipo na akiba nchini Uholanzi. Bi. Bussemaker ana uzoefu wa miaka 30 katika masuala ya benki akiwa ameshika nyadhifa za juu katika huduma kwa wateja wakubwa, meneja mkazi na kushughulikia masuala ya kibenki katika benki ya Citigroup na ABN Amro. Pia, amefanya kazi katika nchi za Uingereza, Denmark na Ireland. Ana Shahada ya Uzamili ya Utawala wa Biashara katika Biashara na Teknolojia ya Mawasiliano kutoka Shule ya Utawala ya Rotterdam na Shahada ya Kwanza ya Hesabu aliyoipata katika Chuo Kikuu cha Leiden, Uholanzi. Bi. Bussemaker ana uwezo wa kuzungumza kwa ufasaha lugha za Kidachi, Kiingereza na pia anaelewa Kifaransa na Kijerumani.



ALBERT JONKERGOUW **BOARD DIRECTOR**

Mr. Albert Jonkergouw has over 20 years' experience in retail and wholesale banking internationally and within Rabobank Netherlands. He holds two university degrees in Accounting & Auditing and is a member of NOREA (Netherlands Order of Registered IT Auditors) and the South African Institute of Professional Accountants (IPA). He is also a certified member of the Nyenrode Business University Non-Executive Director Board program. Mr. Jonkergouw is currently the Managing Director for Achmea Africa in Kenya.

Bwana Albert Jonkergouw ana uzoefu wa zaidi ya miaka 20 katika shughuli za kibenki za wateja wadogo na wakubwa kimataifa na ndani ya Uholanzi. Ana shahada mbili za uhasibu na ukaguzi wa mahesabu na ni mjumbe wa NOREA (Netherlands Order of Registered IT Auditors) na Taasisi ya Afrika ya kusini ya uhasibu (South African Institute of professional Accountants (IPA). Pia ni mjumbe wa programu ya bodi ya chuo kikuu cha biashara cha Nyenrode. Kwa sasa, Bwana Jonkergouw ni Mkurugenzi mkuu wa Achmea Afrika nchini Kenya.



WILLIAM MLAKI **BOARD DIRECTOR**

Mr. William Mlaki has over 35 years of development banking experience. He was Managing Director of Tanzania Investment Bank for 13 years. He served on the boards of a number of companies and financial institutions within and outside Tanzania. He is currently an independent business consultant. Mr Mlaki holds a BA (Economics and Management) from the University of Dar es Salaam and MSc (Business Management) from ADL Management institute, USA.

Bwana William Mlaki ana uzoefu wa zaidi ya miaka 35 katika shughuli za kibenki. Alikuwa Mkurugenzi Mtendaji wa TIB kwa miaka 13. Pia amewahi kuwa mkurugenzi kwenye bodi za makampuni mbalimbali na taasisi za fedha hapa Tanzania na nje ya nchi. Kwa sasa ni mshauri wa kujitegemea katika masuala ya biashara. Bwana Mlaki ana shahada ya BA ya fani ya Uchumi na Uongozi kutoka Chuo Kikuu cha Dar es Salaam na MSc (Business Management) kutoka ADL, USA



MIKE LAISER **BOARD DIRECTOR**

Mr. Mike Laiser is the former Director General of Small Industries Development Organisation (SIDO). Prior to SIDO, Mr. Laiser was an Executive Director of a UNDP funded income generation programme. He has over 25 years working experience in managing and consulting SME development in Tanzania and other SADC countries, Mr. Laiser holds a BA (Economic Planning) from the University of Dar es Salaam and a MA (Development Economics) from Williams College in the USA

Bwana Mike Laiser aliwahi kuwa Mkurugenzi Mkuu wa Shirika la Maendeleo ya Viwanda Vidogo vidogo (SIDO). Kabla ya SIDO Bwana Laiser aliwahi kuwa Mkurugenzi Mtendaji wa Programu za msaada wa kukuza kipato za UNDP. Ana uzoefu wa zaidi ya miaka 25 katika kuongoza na kushauri wafanyabiashara wadogo na wa kati nchini Tanzania na katika nchi nyingine za SADC, Bw. Laiser ana shahada ya BA ya Mipango ya Uchumi kutoka Chuo Kikuu cha Dar es Salaam na MA ya Uchumi wa Maendeleo kutoka Williams College, Marekani.



LILIAN R. KOMWIHANGIRO **COMPANY SECRETARY AND HEAD OF LEGAL**

Mrs. Lilian R. Komwihangiro is the Company Secretary and Head of Legal of NMB. She holds a Bachelor of Laws degree and Master of Laws in commercial and business law, both from the University of Dar es Salaam. She also holds an MBA in Executive Management from the Eastern and Southern African Management Institute (ESAMI) and is an Advocate of the High Court of Tanzania. Before joining NMB, she worked as a legal officer for Maajar, Rwechungura & Kameja Advocates, FK Law Chambers and as legal consultant at PricewaterhouseCoopers.

Bi. Lilian R. Komwihangiro ni Katibu wa Kampuni na Mwanasheria Mkuu wa NMB. Ana shahada ya Sheria na shahada ya juu ya Sheria katika nyanja ya Biashara kutoka Chuo Kikuu cha Dar es Salaam. Pia ana shahada ya juu ya Usimamizi wa Biashara kutoka ESAMI. Pia ni Wakili wa Mahakama Kuu ya Tanzania. Kabla ya kujiunga na NMB alishawahi kufanya kazi kama Afisa Mwanasheria kwenye ofisi mbali mbali kama Maajar, Rwechungura & Kameja Advocates, FK Law Chambers na pia kama mwanasheria mshauri wa PricewaterhouseCoopers.



PROTASE TEHINGISA **BOARD DIRECTOR**

Mr. Protase Tehingisa is a specialist in corporate and investment law. He formerly worked as Secretary/Chief Legal Counsel of the East African Development Bank. Prior to that he worked as a State Attorney at the Attorney General's Chambers, and was also once the Corporation Counsel at the Tanzania Legal Corporation, Mr. Tehingisa holds a Bachelor of Laws degree from the University of Dar es Salaam and a Diploma in Strategic Management from Ashridge Management Institute, UK

Bwana Protase Tehingisa ni mtalaamu wa sheria za uwekezaji wa makampuni. Amewahi kufanya kazi kama Katibu / Mwanasheria Mfawidhi katika Benki ya Maendeleo ya Afrika Mashariki (EADB). Kabla ya hapo alikuwa Mwanasheria wa Serikali katika ofisi ya Mwanasheria Mkuu wa Serikali na pia alishawahi kuwa Mshauri katika Chama cha Wanasheria Tanzania, Bw. Tehingisa ana shahada ya Sheria kutoka Chuo Kikuu cha Dar es Salaam na diploma ya Usimamizi wa Kimkakati kutoka Ashridge Management Institute, Uingereza.



LEONARD MUSUSA **BOARD DIRECTOR**

Mr. Leonard is a Private Management Consultant with extensive experience in transaction services including due diligence and business valuations; business recovery and reconstruction services. He was Country Senior Partner of PricewaterhouseCoopers (PwC) in Tanzania for a period of 14 years up to 30 June 2014, when he retired. He also served as Head of Assurance Risk and Quality in the PwC Africa Central region covering 9 countries and, between 2012 and 2014, overall Head of Risk, Independence and Quality in the East Africa Market Area of PwC covering 6 countries. He is a Fellow of the Association of Chartered Certified Accountants (FCCA) and Fellow Certified Public Accountant (Tanzania).

Bwana Leonard ni Mshauri Mwelekezi wa Masuala ya Utawala akiwa na uzoefu mkubwa katika shughuli za utawala ikiwamo upembuzi yakinifu, uthaminishaji biashara na utoaji wa huduma za kuhisha biashara. Alikuwa Mshirika Mkazi Mwandamizi katika kampuni ya PricewaterhouseCoopers (PwC), Tanzania kwa kipindi cha miaka 14 hadi 30 Juni 2014 alipostaafu. Pia aliwahi kufanya kazi kama Mkuu wa Uhakiki wa Athari na Ubora wa PwC ukanda wa Afrika ya Kati ukijumuisha nchi tisa na kati ya mwaka 2012 na 2014, alikuwa Mkuu wa Kitengo cha Athari, Uhuru wa kiuweledi na Ubora katika Soko la PwC Afrika Mashariki likijumuisha nchi sita. Ni mwanachama wa Bodi ya Kimataifa ya Wahasisibu (FCCA) na ile ya Tanzania.



JOS VAN LANGE **BOARD DIRECTOR**

Mr. Jos van Lange is an Economist by profession and is currently the Chief Executive Officer of Rabo Real Estate Group, an international real estate company of Rabobank formed by the merger of several real estate companies. Prior to this role, he was the Director of Retail Banking of Rabobank in the Netherlands. Mr. Van Lange graduated cum laude in general economics from the Catholic University in Professional Education of Tilburg, Netherlands.

Bwana Jos Van Lange ni Mchumi kitaaluma na kwa sasa ni Mkurugenzi Mtendaji wa Makampuni ya Kimataifa ya Mali zisizohamishika ya Rabo, (Rabo Real Estate Group). Kampuni ya Kimataifa ya Mali zisizohamishika ya Rabobank awali iliungana na kampuni mbalimbali za mali zisizohamishika. Kabla ya kushika wadhifa huu, alikuwa Mkurugenzi wa kitengo cha huduma kwa wateja wadogo (Retail Banking) cha Rabobank ya Uholanzi. Bwana Van Lange alihitimu shahada ya uchumi (cum laude) kutoka Catholic University in Professional Education of Tilburg, Uholanzi



MARGARET IKONGO **BOARD DIRECTOR**

Mrs. Margaret Ikongo is a Chartered Insurer by profession. She also holds an International Certificate in Risk Management. She was the Managing Director of the National Insurance Corporation for over 10 years. She has also served on the boards of different reinsurance companies. She currently works as an independent insurance consultant. Mrs. Ikongo holds a Postgraduate Diploma in Financial Management from the Institute of Finance Management (IFM) and an MBA (Finance) from the Open University of Tanzania.

Bi. Margaret Ikongo amesajiliwa kama "Chartered Insurer" katika taaluma ya Bima. Pia ana Cheti cha Kimataifa katika Taaluma ya Usimamizi wa Vihatarishi. Alikuwa Mkurugenzi Mtendaji wa Shirika la Bima la Taifa kwa zaidi ya miaka 10. Pia amewahi kuwa mkurugenzi wa bodi katika makampuni mbalimbali ya Bima. Kwa sasa ni mshauri wa kujitegemea katika masuala ya Bima. Bi. Ikongo ana shahada ya usimamizi wa fedha kutoka Chuo Cha Usimamizi wa Biashara na Shahada ya Uzamili wa Utawala wa Biashara katika Fedha kutoka Chuo Huria cha Dar es Salaam.

CORPORATE GOVERNANCE



UTAWALA BORA



THE BOARD OF DIRECTORS

FUNCTIONS

The Board is responsible and accountable for providing effective corporate governance, direction and control of the company. The directors have a duty to exercise leadership, enterprise, integrity and judgment based on transparency, fairness, accountability and responsibility.

The Board is responsible for appointing Management, adopting a corporate strategy, policies, procedures and monitoring operational performance including identifying risks impacting the company. It is also responsible for managing good relationships with all stakeholders.

COMPOSITION

In 2016 the Board of Directors was made up of eight non-executive directors and one executive director with a mix of skills, experience and diversity.

APPOINTMENT

The appointment of directors is regulated by the Memorandum and Articles of Association of the Company, as well as the guidelines issued by the Bank of Tanzania (BOT) and the Capital Markets and Securities Authority, pursuant to the Banking and Financial Institutions Act 2006 and the Capital Markets and Securities Act 1994, respectively. Shareholders with more than a 10% stake in the share capital of NMB are entitled to nominate one director for every 10% of the shares held by them. The names are presented to the AGM for ratification and appointments are submitted to BOT for approval.

All non-executive directors are subject to retirement by rotation and re-election by shareholders periodically in accordance with the articles of association. Rotation is staggered to ensure continuity of experience and knowledge. The number of terms an individual may serve is not limited. The Companies Act 2002 requires that directors retire at the age of 70 years, however there is a provision in the law for re-election.

RESIGNATIONS

At the AGM held in June 2016, Directors Mike Laiser and Jos van Lange tendered their resignations to the Board after completing their terms. They were both re-appointed as directors for a three year term.

BODI YA WAKURUGENZI

MAJUKUMU

Bodi ina wajibu na jukumu la kusimamia kwa umakini utawala bora, miongozo na udhibiti wa kampuni. Wakurugenzi wa Bodiwana jukumu la kuongoza, kuonyesha ujasiri wa kibiashara, uadilifu na kutoa maamuzi kwa kuzingatia uwazi, haki, uwajibikaji na majukumu.

Bodi ina majukumu ya kuteua Uongozi, kufuata mikakati, sera na kanuni za kibihashara na kusimamia utendaji wa kazi ikiwa ni pamoja na kubainisha hatari zinazoweza kuikabili benki. Bodi pia ina majukumu ya kusimamia uhusiano mzuri na wadau wote wa benki.

WAJUMBE

Mwaka 2016 Bodi ya Wakurugenzi ilikuwa na wajumbe wanane wasio watendaji na mjumbe moja ambaye ni mtendaji, wote wakiwa na ujuzi, uzoefu na uanuwi.

UTEUZI

Uteuzi wa Wakurugenzi wa Bodi ya NMB unaongozwa na kanuni za kampuni (Memorandum and Articles of Association) pamoja na miongozo iliyotolewa na Benki Kuu ya Tanzania na Mamlaka ya Masoko ya Mitaji na Dhamana Tanzania, kulingana na sheria ya Benki na Taasisi za Fedha ya mwaka 2006 na sheria ya Soko la Mitaji na Dhamana ya mwaka 1994. Wanahisa walio na hisa zaidi ya asilimia 10 kwenye mtaji wote wa hisa za NMB wanaruhusiwa kuchagua mkurugenzi mmoja kwa kila asilimia 10 ya hisa wanazomiliki. Majina huwasilishwa kwenye Mkutano Mkuu wa Mwaka wa Wanahisa kwa ajili ya kupitishwa. Aidha, uteuzi wao huwasilishwa Benki Kuu ya Tanzania ili kupata kibali.

Wakurugenzi wote wasio watendaji wanatakiwa kustaafu kwa mzunguko na kuchaguliwa tena na wanahisa kila mara kulingana na kanuni za kampuni/Benki. Mzunguko huu ni muhimu ili kuhakikisha kunakuwa na mwendelezo wa kupata wakurugenzi wenye ujuzi, uzoefu na maarifa. Idadi ya vipindi vya kuwa Mkurugenzi haina kikomo. Sheria za Makampuni ya mwaka 2002 inahitaji mkurugenzi astaafu akiwa na miaka 70, hata hivyo, sheria inaruhusu pia mkurugenzi huyo kuchaguliwa tena.

KUJIUZULU

Kwenye Mkutano Mkuu wa Mwaka uliofanyika Juni 2016, Wakurugenzi Mike Laiser na Jos van Lange waliwasilisha maombi yao kujiuzulu kwenye Bodi baada ya kumaliza muda wao. Wote wawili waliteuliwa kuwa wakurugenzi tena kwa kipindi cha miaka mitatu.

BOARD MEETINGS

The Board meets quarterly, with additional meetings convened as and when necessary.

During 2016, the Board and its committees met to discuss and decide on the business activities. The Board Committees act on behalf of the Board to direct the bank effectively and accelerate the decision-making process. The four Board committees are: the Board Executive Committee (BEC), the Board Audit, Risk and Compliance Committee (BARCC), the Board Human Resources and Remuneration Committee (BHRRC) and the Board Credit Committee (BCC).

The number of meetings held over the course of the year is given in brackets:

- Board of Directors (9)
- Board Executive Committee (2)
- Board Audit Risk and Compliance Committee (10)
- Board Human Resources and Remuneration Committee (5)
- Board Credit Committee (13)

Members of the Board and respective committees as at 31st December 2016 are shown in the table below:

S/No.	Name Jina	Main Board Bodi Kuu	BEC ¹ Kamati ya Bodi ya Wakurugenzi Watendaji	BARCC ² Kamati ya Bodi ya Ukaguzi na Usimamizi	BCC ³ Kamati ya Bodi ya Mikopo	BHRRC ⁴ Kamati ya Bodi ya Rasilimali Watu na Mishahara
1.	PROF. JOSEPH SEMBOJA	Chairman Mwenyekiti	Chairman Mwenyekiti			
2.	LEONARD MUSUSA	Member Mjumbe		Member Mjumbe	Member Mjumbe	
3.	ALBERT JONKERGOUW	Member Mjumbe	Member Mjumbe		Member Mjumbe	Member Mjumbe
4.	JOS VAN LANGE	Member Mjumbe		Chairman Mwenyekiti		
5.	MIKE LAISER	Member Mjumbe	Member Mjumbe	Member Mjumbe		Chairman Mwenyekiti
6.	PROTASE TEHINGISA	Member Mjumbe			Member Mjumbe	Member Mjumbe
7.	MARGARET IKONGO	Member Mjumbe				Member Mjumbe
8.	WILLIAM Mlaki	Member Mjumbe		Member Mjumbe	Chairman Mwenyekiti	
9.	INEKE BUSSEMAKER	Member Mjumbe	Member Mjumbe	Member Mjumbe	Member Mjumbe	Member Mjumbe

¹ BEC (Board Executive Committee)

² BARCC (Board Audit, Risk and Compliance Committee)

³ BCC (Board Credit Committee)

⁴ BHRRC (Board Human Resources and Remuneration Committee)

VIKAO VYA BODI

Bodi hukutana kila baada ya miezi mitatu, pamoja na vikao vingine vinavyofanyika pale inapolazimika.

Mwaka 2016 Bodi na kamati zake zilikutana kujadili na kuamua maswala na shughuli za kibiashara. Kamati za Bodi zinafanyakazi kwa niaba ya Bodi kuielekeza benki kwa usahihi na kuchapuzwa mchakato wa kufanya maamuzi. Kamati nne za Bodi ni: Kamati ya Bodi ya Wakurugenzi Watendaji (BEC), Kamati ya Ukaguzi na Usimamizi (BARCC), Kamati ya Rasilimali Watu na Mishahara (BHRRC) na Kamati ya Bodi ya Mikopo (BCC).

Idadi ya vikao vilivyofanyika mwaka uliopita imeonyeshwa kwenye mabano:

- Bodi ya Wakurugenzi (9)
- Kamati ya Wakurugenzi watendaji (2)
- Kamati ya Bodi ya Ukaguzi na Usimamizi (10)
- Kamati ya Bodi ya Rasilimali Watu na Mishahara (5)
- Kamati ya Bodi ya Mikopo (13)

Wajumbe wa Bodi ya Wakurugenzi na kamati zilizohusika hadi kufikia tarehe 31 Desemba 2016 ni kama ilivyoonyeshwa kwenye jedwali hapa chini:

DIRECTORS EVALUATION

The Board itself regularly undergoes self-assessment and evaluation under the guidance of an independent party in order to improve the internal Governance of the Board and its Committees.

RELATIONSHIP WITH AUDITORS

The Board Audit, Risk and Compliance Committee and the full Board held meetings with the external auditors to discuss these auditors' terms of engagement, duties and various other issues during the year under review.

BOARD COMMITTEES

BOARD EXECUTIVE COMMITTEE

The Committee assists the Board in fulfilling its oversight responsibilities in accordance with the Articles of Association of the Company. The Committee exercises the powers of the Board in managing the business and affairs of the Company during the intervals between Board meetings, when action by the Board is necessary or desirable but convening a special Board meeting is not warranted or practical.

BOARD AUDIT, RISK AND COMPLIANCE COMMITTEE

The Committee assists the Board in fulfilling its oversight responsibility relating to the integrity of the bank's financial statements and financial reporting process, systems of accounting and financial controls; the annual external audit of financial statements, reporting and internal controls; performance of the Internal Audit, Risk and Compliance Functions; compliance with legal and regulatory requirements; adequacy of the risk management function; the oversight responsibility on planning and conduct of audits to determine that the bank's financial statements and disclosures are complete and accurate and are in accordance with International Financial Reporting Standards and applicable laws, rules and regulations.

BOARD HUMAN RESOURCES & REMUNERATION COMMITTEE

The primary function of the Committee is to assist the Board of Directors in fulfilling its oversight responsibility to shareholders by ensuring that the bank has coherent remuneration policies and practices that fairly and responsibly reward executives and staff having regard to performance, the law and the highest standards of governance.

TATHMINI YA WAKURUGENZI

Bodi yenyewe mara kwa mara hufanya tathmini ya utendaji wake kwa kufuata mwongozo wa kujisimamia ili kuboresha Utawala wa ndani wa uongozi wa bodi na kamati zake.

UHUSIANO NA WAKAGUZI

Kamati ya Bodi ya Ukaguzi na Usimamizi na Bodi nzima walifanya vikao na wakaguzi wa nje kujadili maswala ya ukaguzi, majukumu na wajibu wao na mambo mengine yaliyojitokeza kwa mwaka uliokaguliwa.

KAMATI ZA BODI

KAMATI YA UTENDAJI

Kamati hii husaidia Bodi katika kutekeleza jukumu lake kama mwangalizi kulingana na Kanuni za Kampuni. Kamati hii hutumia mamlaka ya Bodi katika kusimamia biashara na masuala mengine ya Kampuni katika kipindi ambapo mikutano ya Bodi haijaitishwa lakini maamuzi ya bodi yanahitajika au mkutano maalum wa Bodi unahitajika kuitishwa lakini uwezekano wa kuuitisha haupo kwa sababu za kiutendaji.

KAMATI YA UKAGUZI, VIHATARISHI NA UTIMILIFU

Kamati hii husaidia Bodi katika kutekeleza jukumu lake kama mwangalizi kuhusiana na hadhi ya taarifa ya hesabu za benki na mchakato wa utoaji taarifa, mifumo ya utunzaji hesabu na uthibiti wa fedha; utoaji taarifa za hesabu za mwaka zilizokaguliwa na wakaguzi wa nje, utoaji taarifa na uthibiti wa hesabu za ndani, matokeo ya kazi ya ukaguzi wa ndani, tahadhari na utimilifu, ufuataji wa mahitaji ya kisheria na mahitaji ya udhibiti, uotoshelevu wa majukumu ya kudhibiti utokeaji wa hatari; uangalizi wa mipango na taratibu za ukaguzi ili kujua kama hesabu za benki na utaratibu za utoaji taarifa ni kamili na sahihi na unaendana na viwango vya kimataifa vya utoaji wa taarifa za hesabu kulingana na sheria, miongozo na kanuni zinazohusika.

KAMATI YA RASILIMALI WATU NA MASLAHI

Jukumu la msingi la kamati hii ni kusaidia Bodi ya Wakurugenzi katika kutekeleza jukumu lake la uangalizi wa wanahisa kwa kuhakikisha kwamba benki ina mfumo mzuri wa sera na taratibu za maslahi ambazo ni za haki na zinazowalipa watendaji wakuu na wafanyakazi wengine kulingana na utendaji wao, sheria na kwa viwango vya juu vya kiutawala.

BOARD CREDIT COMMITTEE

The Committee assists the full Board and provides oversight in the management of credit risk by reviewing continuously the credit portfolio, credit standards and Credit Policy.

COMPANY SECRETARY

The Company Secretary provides support and guidance to the Board in matters relating to governance, ethical practices and keeps board members abreast with relevant changes in legislation and governance principles.

The Company Secretary also heads and manages the bank's legal department, represents the bank in courts of law where appropriate, provides legal services to specific sectors of the bank's business (e.g. employee relations) and further provides expertise in specialized aspects of legal work. The CS is also the custodian of all sensitive bank documents and oversees the management of the share register.

COMMUNICATION WITH SHAREHOLDERS

The company recognizes that effective communication with stakeholders is essential to good governance. Following the publication of its financial results, it engages with investors to present the results and answer questions accordingly. Shareholders are encouraged to attend the annual general meeting to be held on Saturday, 3rd June 2017 at Julius Nyerere Convention Centre, Dar es Salaam and participate in the affairs of the company.

KAMATI YA MIKOPO

Kamati hii husaidia Bodi nzima na kutoa uangalizi katika kusimamia mikopo iliyoko katika hatari ya kutolipika kwa kutathmini kila wakati jumla ya mikopo yote, viwango vya mikopo na sera ya mikopo na kuidhinisha mikopo binafsi ambayo imezidi uwezo wa menejimenti.

KATIBU WA KAMPUNI

Katibu wa Kampuni ni mshauri wa Bodi kuhusu maswala ya Utawala Bora, maadili na mabadiliko katika sheria mbali mbali.

Pia Katibu wa Kampuni ndiye Mkuu wa Idara ya Sheria ya Benki na mwakilishi wa NMB kwenye mambo ya kimahakama. Ndiye anaye toa ushauri wa kisheria na ana hifadhi na kutuunza nyaraka zote nyeti za benki.

MAWASILIANO NA WANAHISA

Kampuni inatambua kuwa mawasiliano thabiti na wadau nimuhimu katika utawala bora. Kutokana na machapisho ya taarifa zake za kifedha, kampuni kwa kuwashirikisha wawekezaji itawasilisha matokeo na kujibu maswali kwa kadiri yatakvoulizwa.

Wanahisa wanashauriwa kuhudhuria Mkutano Mkuu wa Mwaka utakaofanyika Jumamosi tarehe 3 Juni 2017 katika ukumbi wa Julius Nyerere Convention Centre, Dar es Salaam na washiriki kwa ustawi wa kampuni.

CORPORATE INFORMATION

TAARIFA ZA KAMPUNI





INEKE BUSSEMAKER MANAGING DIRECTOR

Ms Bussemaker assumed the role of Managing Director of National Microfinance Bank PLC (NMB) on 25th May 2015. Prior to her current position, she was Head of Payment Services & Savings for Rabobank in The Netherlands, Responsible for product development and the operations of payment and savings products. Ms Bussemaker has 30 years of experience in banking having held senior positions in corporate banking, as a country manager and in transaction banking with Citigroup and ABN Amro. Furthermore she has also worked in the UK, Denmark, and Ireland. She holds an MBA in Business & IT from the Rotterdam School of Management and a Bachelor's degree in Mathematics from the University of Leiden in The Netherlands. Ms Bussemaker speaks fluent Dutch and English and is conversant in French and German.

Bi. Bussemaker alianza majukumu yake ya Mkurugenzi Mtendaji wa National Microfinance Bank PLC (NMB) tarehe 25 Mei, 2015. Kabla ya wadhifa huo, alikuwa Mkuu wa Huduma za Malipo na Akiba wa Rabobank nchini Uholanzi.

Wajibu wake ulikuwa ni kusimamia masuala yote yanayohusu shughuli za malipo na akiba nchini Uholanzi. Bi. Bussemaker ana uzoefu wa miaka 30 katika masuala ya benki akiwa ameshika nyadhifa za juu katika huduma kwa wateja wakubwa, meneja mkazi na kushughulikia masuala ya kibenki katika benki ya Citigroup na ABN Amro. Pia, amefanya kazi katika nchi za Uingereza, Denmark na Ireland. Ana Shahada ya Uzamili ya Utawala wa Biashara katika Biashara na Teknolojia ya Mawasiliano kutoka Shule ya Utawala ya Rotterdam na Shahada ya Kwanza ya Hesabu aliyoipata katika Chuo Kikuu cha Leiden, Uholanzi. Bi. Bussemaker ana uwezo wa kuzungumza kwa ufasaha lugha za Kidachi, Kiingereza na pia anaelewa Kifaransa na Kijerumani.



ABDULMAJID NSEKELA ACTING CHIEF RETAIL BANKING

Abdulmajid Nsekela joined NMB PLC as the Senior Manager Personal Banking in 2008 and was promoted to the post of Head of Personal Banking in 2013. He is currently the Acting Chief of Retail Banking, a position he has held since December 2016. With over 18 years in the banking industry, Abdulmajid has a wealth of experience from working in different departments within banks. Prior to joining NMB Plc, he was a Senior Relationship Manager, Corporate Banking at CRDB Bank Plc. Abdulmajid holds a Masters of Business Administration majoring in International Banking Finance (MBA-IBF) and a Graduate Diploma in Business Administration from Birmingham University. He is also an alumnus of the Institute of Finance management having specialized in Banking.

Abdulmajid Nsekela alijiunga na NMB PLC akiwa Meneja Mwandamizi wa Huduma kwa Wateja Binafsi tangu mwaka 2008 na alipandishwa cheo kuwa Mkuu wa kitengo cha wateja binafsi mwaka 2013. Hivi sasa ni Kaimu Ofisa Mkuu wa Kitengo cha wateja wadogo na wa kati (Retail Banking), nafasi ambayo ameishikilia tangu Desemba 2015. Akiwa na zaidi ya miaka 18 katika tasnia ya kibenki, Abdulmajid anayo hazina kubwa ya uzoefu iliyotokana na kufanya kazi katika idara mbalimbali za kibenki. Kabla ya kujiunga na NMB Plc, alikuwa Meneja Uhusiano Mwandamizi kwa Wateja Wakubwa katika Benki ya CRDB Plc. Abdulmajid ana Shahada ya Uzamili ya Utawala wa Biashara, akibobea katika Masuala ya Kifedha ya Benki Kimataifa (MBA-IBF) na Stashahada ya Uzamili ya Utawala wa Biashara aliyoipata katika Chuo Kikuu cha Birmingham. Pia ni mwanafunzi aliyesoma katika Chuo cha Usimamizi wa Fedha akibobea katika masuala ya kibenki.



AUGUSTINO MBOGELLA **CHIEF INTERNAL AUDITOR**

Augustino Mbogella has over 18 years' experience of practice, training and consulting in internal audit, risk management and governance matters in East Africa and is a member of several professional association's boards and committees both locally and internationally.

Previously he worked with PWC and East African Development Bank. He is a Certified Internal Auditor (CIA), Certified Control Self Assessments (CCSA) professional and Fellow Certified Public Accountant (FCPA). He holds an MBA from ESAMI and Maastricht School of Management and a B.Com (Accounting) degree from the University of Dar es salaam.

Augustino Mbogella ana uzoefu wa zaidi ya miaka 18 ya utendaji, ukufunzi na ushauri katika mambo ya ukaguzi wa ndani, usimamizi wa tahadhari and masuala ya utawala bora Afrika Mashariki na ni mwanachama na mjumbe wa Bodi na Kamati mbalimbali za taasisi za kitaalamu ndani na nje ya nchi.

Amewahi kufanya kazi kwenye kampuni ya ukaguzi wa nje ya PWC na benki ya maendeleo ya Afrika Mashariki. ni Mkaguzi wa Ndani aliyedhibitishwa (CIA), pia ni Mwanataaluma mchambuzi wa mfumo ya uthibiti (CCSA) na ni Mwanachama wa Wahasibu Waliodhibitishwa (FCPA). Ana shahada ya juu ya Biashara (MBA) toka Chuo Kikuu cha ESAMI na Chuo Kikuu cha Maastricht na shahada ya Biashara (Uhasibu) ya Chuo Kikuu cha Dar es salaam.



AZIZ CHACHA **TREASURER**

Aziz Chacha joined NMB as the bank's Treasurer in September 2011 from Barclays Bank Tanzania where he had worked as the Country Treasurer. He is an alumni of Inoorero University, Kenya and is the current Vice-President of the Tanzania's chapter of ACI-Financial Markets Association. He has a wealth of experience in treasury management and is a certified member of ACI-Financial markets head quartered in France.

Aziz Chacha alijiunga na NMB kama Mtunza Fedha wa Benki mwezi wa Septemba 2011 akitokea benki ya Barclays Tanzania ambapo alikuwa anafanya kazi kama Mtunza fedha. Ni mhitimu wa Chuo Kikuu cha Inoorero Kenya na kwa sasa hivi ni Makamu wa Rais wa Chama cha Masoko ya Fedha Tanzania (ACI). Pia ana ujuzi mkubwa wa mambo ya usimamizi wa fedha na ni mwanachama aliyedhibitishwa wa masoko ya Hisa (ACI) yenye makao makuu yake Ufaransa.



CHARLES KAZUKA **CHIEF HUMAN RESOURCES OFFICER**

Charles Kazuka joined NMB as CHRO in December 2010. He was previously the Head of Human Resources for BP East Africa for three years and prior to that headed the Human Resources Department at Barclays Bank Tanzania Limited and was Head of HR operations at Barclays Ghana. He has extensive Human Resources experience having spent 13 years in Senior HR Management roles in East Africa and West Africa. Mr. Kazuka holds a BA – Education degree from Makerere University and a post graduate diploma in Strategic Human Resources Management from Leicester University, UK. He is also a Chartered Human Resources Analyst (CHRA) and a Fellow of the American Academy of Project Management (FAAPM).

Charles Kazuka alijiunga na NMB kama afisa Mkuu wa Rasilimali Watu tangu Disemba 2010. Awali alifanya kazi katika kampuni ya mafuta ya BP East Africa kwa miaka mitatu. Kabla ya hapo alikuwa anaongoza Idara ya Rasilimali Watu katika Benki ya Barclays Tanzania na Barclays Ghana. Bwana Kazuka ana zaidi ya miaka 13 katika uongozi Afrika Mashariki na Afrika Magharibi. Pia ana Shahada ya Elimu kutoka Chuo Kikuu Cha Makerere na Diploma ya juu ya manejimenti ya kimkakati kutoka Leicester University, UK.



RICHARD MAKUNGWA **CHIEF WHOLESALE BANKING**

Richard Makungwa joined NMB as a Head of Corporate Banking in 2006 and was subsequently appointed as Chief Wholesale Banking. He had previously worked with Citibank Tanzania and CRDB Bank where he held various positions in Operations and Corporate Banking where he accumulated a wealth of experience in wholesale banking business. Mr. Makungwa holds a Bachelor of Arts degree and MBA both from the University of Dar es Salaam and he also holds a Bachelor of Laws degree from Tumaini University.

Richard Makungwa alijiunga na NMB kama Mkuu wa huduma kwa Wateja Wakubwa mwaka 2006 na mwaka 2014 akateuliwa kuwa Afisa Mkuu wa Biashara ya Jumla. Kabla ya hapo alifanya kazi Citibank Tanzania na Benki ya CRDB alikoshika nafasi mbalimbali katika idara za Operesheni na Huduma kwa Wateja Wakubwa ambako alipata uzoefu mkubwa katika biashara ya jumla. Makungwa amehitimu shahada ya kwanza na shahada kwanza na shahada ya uzamili ya MBA zote kutoka Chuo Kikuu cha Dar es Salaam. Pia ana shahada ya kwanza ya Sheria, Bachelor of Laws ya Chuo Kikuu cha Tumaini.



PETE NOVAT **CHIEF OPERATING OFFICER**

Pete Novat joined NMB as a Chief Information and Operations Officer in 2013. Before joining NMB, Mr. Novat was the Chief Information Officer of National Bank of Commerce where he worked for 9 years. Before joining NBC and before that he worked for Kinder Morgan and Sprint PCS in the USA where he was responsible for the delivery of larger projects and systems change at Kinder Morgan plants and Sprint PCS corporate offices of New Jersey, Texas City, New Orleans, Las Vegas and Houston respectively. He has over 11 years' experience in corporate leadership, programme management, Larger Project management and banking of which 7 years has been at Executive Management level. Pete holds a Bachelor's Degree in Electronics & Communication Science

Pete Novat alijiunga na NMB kama Afisa Mkuu wa TEHAMA na Operesheni mwaka 2013. Kabla ya kujiunga na NMB, Novat alikuwa Afisa Mkuu wa TEHAMA wa Benki ya Taifa ya Biashara ambako alifanya kazi kwa miaka 9. Kabla ya kujiunga na NBC, alifanya kazi Kinder Morgan na Sprinter PCS nchini Marekani ambako alihusika na miradi mikubwa ya uboreshaji wa mifumo ya computer na mawasiliano huko New Jersey, Texas City, New Orleans, Las Vegas na Houston. Novat ana uzoefu wa zaidi ya miaka 11 katika uongozi na utawala, usimamizi wa miradi na masuala ya kibenki, ambapo kwa miaka 7 kati ya hiyo amekuwa kwenye nafasi za Juu za utawala na uongozi. Pete ana shahada ya kwanza katika Umeme na Sayansi ya Mawasiliano.



SAIF AHMED **CHIEF AGRIBUSINESS OFFICER**

Saif Ahmed joined NMB in 2016 from Equity Bank Ltd, Kenya where he served as General Manager of Agribusiness across East Africa. He has over 23 years' experience of Corporate and SME Banking, Investment Banking, Commercial Agribusiness, FMCG and Consulting across East and West Africa and Europe.

He has a long history in several agribusiness value chains of tea, coffee, fruits, vegetables etc. He holds a Bachelor's degree in Accounting and Economics, an MBA in Finance and Agribusiness Management from India and a Certificate in Agriculture Finance from Kenya School of Monetary Studies.

Saif Ahmed alijiunga na NMB mwaka 2016 kutoka benki ya Equity Ltd, Kenya ambapo alikuwa Mkurugenzi Mkuu wa biashara ya kilimo Afrika Mashariki. Ahmed ana uzoefu wa zaidi ya miaka 23 katika biashara mbalimbali za benki ndani ya Afrika Mashariki, Magharibi na Ulaya. Ahmed ana historia ndefu katika minyororo mbalimbali ya biashara ya kilimo kama vile chai, kahawa, matunda, mbogamboga nk. Ahmed amehitimu shahada ya kwanza katika Uhasibu na Uchumi na shahada ya uzamili ya MBA katika fedha na usimamizi wa biashara ya kilimo kutoka India. Pia Ahmed ana cheti cha biashara ya kilimo kutoka Shule ya Masomo ya Fedha, Kenya.



TOM BORGHOLS **CHIEF CREDIT OFFICER**

Tom Borghols is the Chief Credit Officer of NMB, responsible for Credit/Risk; Special Assets. Since the first quarter of 2016 he oversees the recently established Loan Centre where the centralised processing of loans takes place. Tom has over 30 years banking experience having worked with ABN AMRO Bank, Fortis Bank and Rabobank. Over the course of 30 years' experience, he has held positions in the commercial and in the risk area, both in corporate and in retail banking. Working his way up from Relationship Manager to Branch Manager and Country Manager, Tom started his career in his native Netherlands and moved to Curacao in the Caribbean, and then to Kenya, Rwanda and Zambia. He worked with the Bank Populaire du Rwanda, thereafter was appointed to position of Director Risk at Zambia National Commercial Bank (ZANACO). Tom holds a Masters Degree in International Law.

Tom Borghols ni Afisa Mkuu Udhibiti wa Athari. Ana wajibu kwenye udhibiti wa athari za Mikopo, Raslimali Maalum. Tangia robo ya kwanza ya 2016 anaongoza Kituo cha Mikopo kilichoanzishwa hivi karibuni ambapo mchakato wa kutayarisha mikopo yote unafanyika. Tom ana zaidi ya miaka 30 ya kufanya kazi katika benki, amefanya kazi na Benki ya ABN AMRO, Benki ya Fortis na Rabobank. Amewahi kushika nafasi mbalimbali kwenye maeneo ya biashara na udhibiti wa hasara, kwenye upande wa kuhudumia wateja wakubwa na wateja wa reja reja. Alianzia ngazi ya Meneja Mahusiano akapanda mpaka Meneja wa Tawi na baadae Meneja Nchi. Tom alianza shughuli za kibenki kwenye nchi yake ya asili ya Uholanzi baadaye akahamia Curacao kwenye Visiwa vya Caribbean, kabla ya kwenda Kenya, Rwanda na Zambia. Alifanya kazi na Bank Populaire du Rwanda, na baadae kuteuliwa kama Mkurugenzi wa Udhibiti wa Athari wa Zambia National Commercial Bank (ZANACO). Tom ana shahada ya Uzamili ya Sheria za Kimataifa (International Law).



WAZIRI BARNABAS **CHIEF FINANCIAL OFFICER**

Waziri Barnabas joined NMB as Senior Manager Finance and Control in 2008 and was subsequently appointed as Chief Financial Officer in 2009. Mr. Barnabas has over twenty years of financial experience. Before joining NMB he headed the Finance Department at Barclays Bank Tanzania Limited and before that he was the Head of Business Finance at Standard Chartered Bank Tanzania Limited. Mr. Barnabas holds a Bachelor of Commerce (Accountancy) degree from the University of Dar es Salaam and is a Certified Public Accountant.

Waziri Barnabas alijiunga na NMB mwaka 2008 kama Meneja Mwandamizi wa Fedha na Udhiti na akateuliwa kuwa Afisa Mkuu wa Fedha katika mwaka 2009. Bw. Barnabas uzoefu wa zaidi ya miaka ishirini katika sekta ya fedha. Kabla ya kujiunga na NMB aliongoza Idara ya Fedha ya Benki ya Barclays ya Tanzania na kabla ya hapo aliongoza Kitengo cha Biashara ya fedha katika benki ya Standard Chartered ya Tanzania. Bwana Barnabas alipata Shahada yake ya Biashara (Uhasibu) kutoka Chuo Kikuu cha Dar es Salaam na ni Mhasibu aliyethibitishwa (Certified Public Accountant).

EXECUTIVE MANAGEMENT TEAM

The Executive Management Team steers and oversees the management of the bank at all levels. The Committee has the mandate to formulate the bank's strategy and vision for implementation by various departments, & recommend the strategy and vision for Board approval.

ASSETS & LIABILITIES COMMITTEE

The Asset and Liability Committee (ALCO) is responsible for achieving sustainable and stable profits for NMB within a framework of acceptable financial risks and controls. The Committee is authorized to manage the balance sheet and financial risks of the businesses within prescribed policies and limits. It is also authorized to delegate day-to-day management of Asset Liability Management (ALM) functions to individuals.

CREDIT COMMITTEES (LOAN PORTFOLIO QUALITY, WHOLESALE AND RETAIL)

The credit committees ensure the prudent management of the extension of credit facilities to customers, in accordance with the credit risk policies and procedures applicable to NMB.

MANAGEMENT RISK AND COMPLIANCE COMMITTEE

The Management Risk and Compliance Committee ensures that the areas of high risk from regulators, compliance risk and audit reports are addressed in time to improve the risk management and controls in the bank.

MANAGEMENT HUMAN RESOURCES DISCIPLINARY COMMITTEE

The Management Human Resources Disciplinary Committee (MHRDC) ensures fairness in the implementation of the disciplinary code to staff, especially in cases of gross misconduct. The Committee has the mandate to adjudicate cases of alleged misconduct by a staff member brought to its attention, with particular reference to the requirements of the labour laws of Tanzania.

KAMATI YA UTENDAJI

Shughuli za Kamati ya Utendaji na Usimamizi ni uongozi chanya na kusimamia benki katika ngazi zote. Kamati hii imepewa uwezo kutengeneza mkakati wa benki na mwelekeo wa utekelezaji wa idara mbalimbali na kutoa mapendekezo ya mkakati na mwelekeo kwa ajili ya kupitishwa na Bodi.

KAMATI YA MALI NA DHIMA

Shughuli za kamati ya Mali na Dhima (ALCO) ni kufikia ukuaji imara na faida endelevu ya NMB katika muda mwafaka na ndani ya kiwango kinachokubalika cha tahadhari za kifedha na udhibiti. Kamati hii imeruhusiwa kusimamia mizania ya benki na tahadhari za kibiashara ndani ya sera elekezi na viwango vilivyiwekwa. Pia inaruhusiwa kukabidhi kazi za usimamizi wa Mali na Dhima (ALM) za kila siku kwa watu binafsi.

KAMATI YA MIKOPO (UBORA WA MIKOPO MIKUBWA YA JUMLA NA MIDOGO)

Kamati hizi zinahakikisha kuwa kuna usimamizi mzuri wa utoaji mikopo kwa wateja, kulingana na sera ya tahadhari za mikopo na taratibu zilizokubalika NMB.

KAMATI YA USIMAMIZI WA VIHATARISHI NA UTIMILIFU

Kamati ya usimamizi wa vihatarishi na utimilifu inahakikisha kuwa maeneo yote yenye athari kubwa kwa mujibu wa wadhibiti, watilifu wa athari na ripoti za wakaguzi yanashughulikiwa kwa muda muafaka ili kuboresha usimamizi wa athari zinazoweza kutokea kwenye benki.

KAMATI YA NIDHAMU

Kamati ya Nidhamu (MHRDC) inahakikisha kwamba kuna utendaji wa haki katika kushughulikia masuala ya nidhamu kwa wafanyakazi hasa kwenye kesi za uvunjifu mkubwa wa nidhamu. Kamati hii ina nguvu ya kuingilia kati kesi za tuhuma za uvunjifu wa nidhamu kwa mfanyakazi ambazo zimeletwa kwao kwa ajili ya kusuluhishwa kulingana na vipengele fulani vya sheria za kazi Tanzania.

MANAGEMENT TENDER COMMITTEE (MTC)

The Management Tender Committee (MTC) reviews, considers and approves all purchases made above the amount of TZS 100 Million.

The Committee has the mandate to invite, examine and where appropriate, authorize procurement of goods, works and services within its financial threshold.

OPERATIONAL RISK COMMITTEE

The Operational Risk Committee is a standing committee involving Risk Department and Operations Department personnel and Management, whose main purpose is to serve as a forum to align and properly coordinate the actions and activities of the two departments with a view towards forging a better control environment and customer experience at NMB. The Committee has the authority to review the operation of branches and provide the necessary guidance to branches where required.

PRODUCT AND PROCESSES APPROVAL COMMITTEE

The Product Approval Committee reviews and approves the commissioning or deployment of a new product and new operational processes.

The Committee has the mandate to approve and reject a request to commission or deploy a new product if it fails to meet the required standard.

KAMATI YA USIMAMIZI WA ZABUNI

Kamati ya Usimamizi wa Zabuni inapitia, kutathmini na kupitisha manunuzi yote ya zaidi ya shilingi milioni 100.

Kamati imepewa uwezo kuitana pale inapoonekana inafaa kupitisha manunuzi ya vitu, kazi na huduma zilizoko ndani ya viwango vyake kifedha.

KAMATI YA VIHATARISHI VYA KIUTENDAJI

Kamati ya Vihatarishi vya kiutendaji inashughulikia tahadhari za idara ya Vihatarishi na Utendaji, Idara ya Rasilimali Watu na Usimamizi ambayo lengo lake kubwa ni kutoa huduma kama timu ya kunyoosha na kuunganisha vizuri utendaji na shughuli za idara hizo mbili kwa lengo la kuweka mazingira mazuri ya udhibiti na uzoefu wa wateja ndani ya NMB. Kamati ina uwezo wa kupitia utendaji wa matawi na kutoa muongozo kwa matawi inapohitajika.

KAMATI YA KUIDHINISHA HUDUMA NA TARATIBU ZA KIBENKI

Kamati ya Kuidhinisha Huduma na Taratibu za Kibenki inapitia na kupitisha uanzishaji wa huduma mpya na taratibu zake za uendeshaji.

Kamati hii ina mamlaka ya kupitisha au kukataa maombi ya kuanzisha mazao/huduma mpya kama hazitakidhi kiwango kinachotakiwa.

Dar es Salaam Zone

REGION	BRANCH/UNIT	CONTACT ADDRESS	TEL. DIRECT	TEL. GENERAL	FAX NO.
HEAD OFFICE	Head Office	P.O. Box 9213, Dar es Salaam	022 2322000	022 2322000	022 2112148
	Government Business	P.O. Box 9213, Dar es Salaam	022 2161 157	022 2161168	
	Foreign Exchange	P.O. Box 4887, Dar es Salaam	022 2322020		022 2112149
	Money Markets	P.O. Box 4887, Dar es Salaam	022 2322010		022 2112149
	Business Banking	P.O. Box 4887, Dar es Salaam		022 2322000	022 2112148
	Corporate Banking	P.O. Box 4887, Dar es Salaam		022 2322000	022 2112148
	Personal Banking	P.O. Box 4887, Dar es Salaam		022 2322000	022 2112148
	CSR & Public Relations	P.O. Box 4887, Dar es Salaam		022 2322000	022 2112148
	Institutional Banking	P.O. Box 4887, Dar es Salaam		022 2322000	022 2112148
	Transactional Banking	P.O. Box 4887, Dar es Salaam		022 2322000	022 2112148
	Alternative Channels	P.O. Box 4887, Dar es Salaam		022 2322000	022 2112148
DSM	DSM Zonal Office	P.O. Box 4887, Dar es Salaam	022 2128684	022 2128685	022 2128687
	Bank House	P.O. Box 9031, Dar es Salaam	022 2115054	023 2116924	022 2116487
	Ilala	P.O. Box 25431, Dar es Salaam	022 2203194	022 2203195	022 2128542
	Kariakoo	P.O. Box 15195, Dar es Salaam	022 2180149	022 2180034	022 2180090
	Magomeni	P.O. Box 10930, Dar es Salaam	022 2171173	022 2170070	022 2170622
	Morogoro Road	P.O. Box 9064, Dar es Salaam	022 2116947/2113585	022 2138945	022 2128542
	Muhimbili	P.O. Box 65589, Dar es Salaam		0222152055	
	Mwenge	P.O. Box 31597, Dar es Salaam	022 2700927	022 2700931	022 2700928
	Temeke	P.O. Box 45075, Dar es Salaam	022 2856852	022 2856181	022 2856915
	University	P.O. Box 35199, Dar es Salaam	022 2410183	022 2410183	022 2410183
	Mbagala	P.O. Box 45067, Dar es Salaam	073 2990191	073 2990192	073 2990193
	Msasani	P.O. Box 33841, Dar es Salaam	022 2668871	022 2666191	022 2668872
	NMB House	P.O. Box 2653, Dar es Salaam	022 2161005	022 2161024 /36	022 2161006
	Ubungu	P.O. Box 10930, Dar es Salaam	022 2461849	022 2461847	022 2461849
	Tegeta	P.O. Box 66787, Dar es Salaam	022 2926300	022 2926301	022 2926302
	Congo Street	P.O. Box 15195, Dar es Salaam	022 2181812	022 2181814	022 2181813
	Kurasini	P.O. Box 9031, Dar es Salaam	022 2850981	022 2850984	022 2850985
	Sinza	P.O. Box 31597, Dar es Salaam	022 2773426	022 2773553	022 2773430
	Mandela Road	P.O. BOX 8918, Dar es Salaam	022 80808097	022 808098	022 808099
	Maktaba Square	P.O. Box 2653, Dar es Salaam	022 2129234/5	00 2129234 /5	
	Mbezi	P.O. Box 60167, Dar es Salaam	022 2926332	022 2926333	022 2926334
	Mlimani City	P.O. Box 34115, Dar es Salaam	022 2411182	022 2411181	022 2411183
	Airport	P.O. Box 40951, Dar es Salaam	022 2844384	022 2844385	022 2844387
	Oysterbay	P.O. Box 162409 Dar es Salaam		022 2161582	
	Tandika	P.O. Box 45075 Dar es Salaam	022 2856141	022 2161582	
	Gongolamboto			022 2842226	
	Ohio	P.O. Box , Dar es Salaam	022 2322726		
	TPA	P.O. Box , Dar es Salaam	022 2161030		

DISTRIBUTION NETWORK | MTANDAO WA HUDUMA

ZANZIBAR	Mwanakerekwe	P.O. Box 4608 Pemba	024 2234693	024 2234692	024 2234693
	Chake Chake	P.O. Box 153, Pemba	024 2452052	024 2452954	024 2452433
	Zanzibar Town	P.O. Box 4608, Zanzibar	024 2239402	024 2239403	024 2239404

Eastern Zone

REGION	BRANCH/UNIT	CONTACT ADDRESS	TEL. DIRECT	TEL. GENERAL	FAX NO.
MOROGORO	Eastern Zonal Office	P.O. Box 1066, Morogoro	023 2613479	023 2613601	023 2613600
	Ifakara	P.O. Box 33, Ifakara	023 2931554	023 2931552	023 2931553
	Kilombero	P.O. Box 142, Kidatu	023 2931542	023 2931541	
	Kilosa	P.O. Box 3, Kilosa	023 2623017	023 2623233	023 2623073
	Mahenge	P.O. Box 61, Mahenge	0784 294166/	0768 590214/	
	"	"	0767 713392	0719 498119	
	Turiani	P.O. Box 167, Turiani	023 2931101	023 2931102	023 2931100
	Mvomero	P.O. Box 478, Morogoro	023 2628734	023 2628735	023 2628733
	Wami	P.O. Box 84, Morogoro	023 2613534	023 2613177	023 2613849
	Mt. Uluguru	P.O. Box 81, Morogoro	023 2614407	023 2614408	023 2614406
	Gairo	P.O. Box 12, Gairo	022 2211326	022 2211327	
COAST	Bagamoyo	P.O. Box 76, Bagamoyo	023 2440128	023 2440071	023 2440055
	Chalinze	P.O. Box 34, Chalinze	023 2402922	023 2402923	023 2402922
	Kibaha	P.O. Box 30430, Kibaha	023 2402833	023 2402832	023 2402832
	Kibiti	P.O. Box 5, Kibiti	023 2010922	023 2010081	023 2010912
	Kisarawe	P.O. Box 28053, Kisarawe	023 2402335	0732932356	023 2402176
	Mafia	P.O. Box 30, Mafia	023 2011331	023 2010172	023 2010171
	Mkuranga	P.O. Box 51, Mkuranga	23 2110092	023 2110093	023 2110094
	Mlandizi	P.O. Box 30430 Kibaha	022 2211339	022 2211340	

Central Zone

REGION	BRANCH/UNIT	CONTACT ADDRESS	TEL. DIRECT	TEL. GENERAL	FAX NO.
DODOMA	Zonal Office	P.O. Box 888, Dodoma	026 2322117	026 2322260/	026 2323544
	"	"		026 2323544	
	Kondoa	P.O. Box 95, Kondoa	026 2360306	026 2360020	026 2360306
	Kongwa	P.O. Box 200, Kongwa	026 2320431	026 2320477	026 2320477
	Kibaigwa	P.O. Box 29, Kibaigwa			
	Mpwapwa	P.O. Box 77, Mpwapwa	026 2320633	026 2320782	026 2320797
	Dodoma	P.O. Box 1482, Dodoma	026 2322067	026 2322405	026 2322219
	Bunge	P.O. Box 1482, Dodoma	026 2320010		
	UDOM	P.O. Box 277, Dodoma	026 2310107		026 2310108
	Mazengo	P.O. Box 2591 Dodoma	026 2321185	026 2321186	026 2321189
SINGIDA	Kiomboi	P.O. Box 44, Kiomboi	026 2532296	026 2532650	026 2532159
	Manyoni	P.O. Box 47, Manyoni	026 2540328	026 2540145	026 2540328

DISTRIBUTION NETWORK | MTANDAO WA HUDUMA

	Singida	P.O. Box 1040, Singida	026 2502100	026 2502104/5	026 2502100
	Itigi	P.O. Box 116, Itigi	026 2540327	026 2540304	026 2540104
MANYARA	Mbulu	P.O. Box 33, Mbulu	027 2533090	027 2533064	027 2533090
	Babati	P.O. Box 70, Babati	027 2531113	027 2531027	027 2531113
	Kibaya	P.O. Box 53, Kibaya	027 2555433	027 2552030	027 2555433
	Katesh	P.O. Box 82, Katesh	027 2531697	027 2530077	027 2530076
	Simanjiro	P.O. Box 9527, Simanjiro	0272555692	027 2555693	027 2555693

Northern Zone

REGION	BRANCH/UNIT	CONTACT ADDRESS	TEL. DIRECT	TEL. GENERAL	FAX NO.
ARUSHA	Northern Zonal Office	P.O. Box 1256, Arusha	027 2508079	027 2508516	027 2548275
	Clock Tower	P.O. Box 3093, Arusha	027 2502599	027 2508521	027 2545184
	Karatu	P.O. Box 50, Karatu	027- 2534037	027 2534030	027 2534024
	Ngarenaro	P.O. Box 15741 Arusha	027 2548457	027 2548854	027 2548573
	Monduli	P.O. Box 20, Monduli	027 2538069	027-2538031	027 2538069
	Loliondo	P.O. Box 60, Loliondo	027 2535207	027 2535070	027 2535207
	Namanga	P.O. Box 8500, Namanga	027 2539503	027 2539505	027 2539504
	Arusha Market	P.O. Box 11168, Arusha	027 2547331	027 2547332	027 2547330
	Arusha Business Centre	P.O. Box 632, Arusha	027 2545741	027 2545740	027 2545743
	Usa River	P.O. Box 131, Arusha	027 2541085	027 2541086	027 2541087
	Mererani	P.O. Box 5123, Arusha	022 2211002	022 2211003	
	Sanya Juu	P.O. Box, Arusha	022 2161668		
KILIMANJARO	Hai	P.O. Box 129, Hai	027 2756129	027 2756129	027 2750649
	Mwanga	P.O. Box 93, Mwanga	027 2750115	027 2757747	027 2757689
	Nelson Mandela	P.O. Box 1121, Moshi	027 2752421	027 2755199	027 2751546
	Rombo	P.O. Box 25, Mkuu-Rombo	027 2757114	027 2757147	027 2757114
	Same	P.O. Box 74, Same	027 2758138	027 2758136	027 2750002
	Mawenzi	P.O. Box 1825, Moshi	027 2751063	027 2751061	027 2751081
	Tarakea	P.O. Box 11 Tarakea	027 2757566	027 2757566	027 2757826
	Himo	P.O. Box 183 Himo	027 2757605	027 2757605	027 2757608
TANGA	Handeni	P.O. Box 123, Handeni	027 2641761	027 2641740	027 2641761
	Korogwe	P.O. Box 165, Korogwe	027 2650068	027 2646364	027 2650095
	Lushoto	P.O. Box 24, Lushoto	027 2640097	027 2640024	027 2640149
	Madaraka	P.O. Box 1396, Tanga	027 2646452	027 2644371	027 2643793
	Mkwakwani	P.O. Box 5056, Tanga	027 2646484	027 2646485	027 2646483
	Mombo	P.O.Box 140Mombo	027 2641540	027 2641576	027 2641518
	Muheza	P.O. Box 414, Muheza	027 2641480	027 2641177	027 2641480
	Pangani	P.O. Box 90, Pangani	027 2630055	027 2630307	027 2630092
	Kilindi	P.O. Box 46, Kilindi	0788 800404	0788 800405	

Highlands Zone

REGION	BRANCH/UNIT	CONTACT ADDRESS	TEL. DIRECT	TEL. GENERAL	FAX NO.
MBEYA	Highland Zonal Office	P.O. Box 792, Mbeya	025 2502527	025 2504347	025 2502853
	Chunya	P.O. Box 65, Chunya	025 2520019	025 2520048	025 2520019
	Ileje	P.O. Box 17, Ileje	025 2570021	025 2570234	025 2570021
	Kyela	P.O. Box 74, Kyela	025 2540023	025 2540094	025 2540023
	Mbalizi Road	P.O. Box 282, Mbeya	025 2500890	025 2502547	025 2502413
	Mbarali	P.O. Box 75, Rujewa	025 2590196	025 2590052	025 2590051
	Mbozi	P.O. Box 4, Mbozi	025 2580022	025 2580041	025 2580022
	Mount Loleza	P.O. Box 922, Mbeya	025 2502879	025 2502880	025 2502879
	Mwanjelwa	P.O. Box 1768, Mbeya	025 2502826	025 2502462	025 2500070
	Tukuyu	P.O. Box 180, Tukuyu	025 2552149	025 2552253	025 2552149
	Tunduma	P.O. Box 140, Tunduma	025 2530665	025 2530049	025 2530665
	Usongwe	P.O. Box 4623, Mbeya	025 2560120	025 2560121	025 2560122
	Mlowo	P.O. Box , Mbeya	0737 225162		
IRINGA	Mafinga	P.O. Box 90, Mafinga	026 2772108	026 2772011	026 2772108
	Kilolo	P.O. Box 2332, Kilolo	026 2968012	026 2968011	
	Mkwawa	P.O. Box 52, Iringa	026 2702036	026 2702038	026 2702054
NJOMBE	Makete	P.O. Box 24, Makete	026 2740027	026 2740028	026 2740101
	Njombe	P.O. Box 413, Njombe	026 2782785	026 2782778	026 2782785
	Makambako	P.O. Box 1030, Makambako	026 2730388	026 2730006	
	Ludewa	P.O. Box 10, Ludewa	026 2790102	026 2790019	026 2790102
KATAVI	Mpanda	P.O. Box 55, Mpanda	025 2820315	025 2820034	025 2820315
RUKWA	Nkasi	P.O. Box 12, Namanyere	025 2830010	025 2830007	025 2830010
	Sumbawanga	P.O. Box 37, Sumbawanga	025 2800256	025 2800258	025 2800256

Lake Zone

REGION	BRANCH/UNIT	CONTACT ADDRESS	TEL. DIRECT	TEL. GENERAL	FAX NO.
MWANZA	Lake Zonal Office	P.O. Box 1580, Mwanza	028 2501050	028 2500867	028 2500691
	Geita	P.O. Box 10, Geita	028 2520442	028 2520021	028 2520442
	Kenyatta Road	P.O. Box 1444, Mwanza	028 2500387	028 2502592	028 2501736
	Magu	P.O. Box 12, Magu	028 2530056	028 2530109	028 2530057
	Misungwi	P.O. Box 122, Misungwi	0732 980747		073 2980747
	Nansio	P.O. Box 61, Nansio	028 2515051	028 2515091	028 2515091
	Katoro	P.O. Box , Katoro			
	Nyamongo	P.O. Box , Nyamongo	022 2211335		
	Ngudu	P.O. Box 68, Ngudu	073 2980919	073 7100202	073 2980919

DISTRIBUTION NETWORK | MTANDAO WA HUDUMA

	Regional Drive	P.O. Box 537, Mwanza	028 2541106	028 2541107	028 2541108
	Sengerema	P.O. Box 96, Sengerema	028 2590075	028 2590248	028 2590025
	PPF Agency	P.O. Box 1444 Mwanza	028 2506030	028 2506030	028 2506030
	Rock City	P.O. Box 7201 Mwanza	028 2981110		
MARA	Bunda	P.O. Box 53, Bunda	028 2621152	028 2621039	028 2621153
	Butiama	P.O. Box 53 Butiama	022- 221 1026		
	Mugumu	P.O. Box 4, Mugumu		732985970	
	Musoma	P.O. Box 561, Musoma	028 2620807	028 2620806	
	Tarime	P.O. Box 108, Tarime	028 2690918	028 2690062	028 2690100
	Rorya	P.O. Box 68, Shirati			
	Buzuruga	P.O. Box 1450, Mwanza	028 2570482	028 2570482	028 2570484
	Rorya	P.O. Box 68 Rorya	022 221 1027		
KAGERA	Biharamulo	P.O. Box 27, Biharamulo	028 2225017	028 2225017	028 2225155
	Bukoba	P.O. Box 1552, Bukoba	028 2220176	028 2220154	028 2220417
	Kayanga	P.O. Box 69, Karagwe	028 2227111	028 2227162	028 2227111
	Muleba	P.O. Box 8, Muleba	028 2224170	028 2224012	028 2224020
	Ngara	P.O. Box 92, Ngara	028 2226049	028 2226223	028 2226013
	Misenyi	P.O. Box 56, Misenyi	0732 983453	028 2222323	028 2222331
	Rusumo	P.O. Box , Rusumo	028 2982862		

Western Zone

REGION	BRANCH/UNIT	CONTACT ADDRESS	TEL. DIRECT	TEL. GENERAL	FAX NO.
TABORA	Western Zonal Office	P.O. Box 681, Tabora	026 2606423	026 2606424	026 2606425
	Igunga	P.O. Box 80, Igunga	026 2650054	026 2650027	026 2650024
	Mihayo	P.O. Box 211, Mihayo	026 2604158	026 2604376	026 2604925
	Nzega	P.O. Box 163, Nzega	026 2692340	026 2692322	026 2692340
	Sikonge	P.O. Box 32, Sikonge	073 2988362	0732 988362	073 2988483
	Urambo	P.O. Box 156, Urambo	0732 988259	0732 988336	073 2988256
KIGOMA	Kasulu	P.O. Box 70, Kasulu	028 281 0111	028 2810026	028 2810345
	Kibondo	P.O. Box 69, Kibondo	028 2820216	028 2820023	028 2820216
	Kigoma	P.O. Box 1067, Kigoma	028 2803328	028 2804705	028 2804586
SIMIYU	Bariadi	P.O. Box 2, Bariadi	028 2700533	028 2700004	028 2700175
	Maswa	P.O. Box3, Maswa	028 2750372	028 2750321	028 2750372
	Mwanhuzi	P.O. Box 48, Meatu	028-2795292	028-2795080	028 2795292
SHINYANGA	Manonga	P.O. Box 811, Manonga	028 2763629	028 2763439	028 2763441
	Mwadui	P.O. Box 324, Mwadui	028 2763461		028 2763461
	Kakonko	P.O. Box , Kakonko	022 2211323/4		
	Kaliua	P.O. Box , Kaliua	0737 214715/4		
	Kishapu	P.O. Box , Kishapu	028 2770021/16		
	Kahama	P.O. Box 183, Kahama	028 2710063	028 2710083	028 2710103
GEITA	Bukombe	P.O. Box 134, Bukombe	028 2520702	028 2520703	028 2520702
	Chato	P.O. Box 68, Chato	028 2982532	028 2982541	028 2982542

Southern Zone

REGION	BRANCH/UNIT	CONTACT ADDRESS	TEL. DIRECT	TEL. GENERAL	FAX NO.
MTWARA	Southern Zonal Office	P.O. Box 625, Mtwara	023 2333329	023 2334020	023 2333667
	Masasi	P.O. Box 105, Masasi	023 2510024	023 2510058	023 2510024
	Mtwara	P.O. Box 508, Mtwara	023 2333951	023 2333946	023 2333983
	Ndanda	P.O. Box 7, Ndanda		0717 407538	
	Nanyumbu	P.O. Private Bag, Nanyumbu	025 2675005	025 2675003	
	Newala	P.O. Box 60, Newala	023 2410561	023 2410261	023 2410221
	Tandahimba	P.O. Box 15, Tandahimba	023 2410090	023 2410089	023 2410091
LINDI	Kilwa	P.O. Box 13, Kilwa-Masoko	023 2013072	023 2013056	023 2013072
	Lindi	P.O. Box 1021, Lindi	023 2202188	023 2202474	023 2202018
	Liwale	P.O. Box 82, Liwale	073 2933304		073 2933123
	Nachingwea	P.O. Box 102, Nachingwea	0732 933139	073 2933297	073 2933139
	Ruangwa	P.O. Box 100, Ruangwa	0788 800403	0788 800406	0732 933136
RUVUMA	Litembo	Private Bag, Litembo	073 2950567	073 2950540	0732 950567
	Mbinga	P.O. Box 4, Mbinga	025 2640072	025 2640466	025 2640306
	Songea	P.O. Box 641, Songea	025 2602466	025 2602486	025 2602469
	Tunduru	P.O. Box 24, Tunduru	025 2680067	025 2680086	025 2680186
	Namtumbo	P.O.Box 66 Namtumbo	025 2602848	025 2602890	025 2602858

REGISTERED OFFICE

National Microfinance Bank PLC
NMB Head Office
Ali Hassan Mwinyi/Ohio Streets
P.O. Box 9213
Dar es Salaam

COMPANY SECRETARY & HEAD OF LEGAL

Lilian R. Komwihangiro
National Microfinance Bank Plc
NMB Head Office
Ali Hassan Mwinyi/Ohio Streets
P.O. Box 9213
Dar es Salaam

AUDITORS

Pricewaterhouse Coopers
Certified Public Accountants (Tanzania)
369 Toure Drive, Oysterbay
PO.Box 45
Dar es Salaam

OFISI ILIYOSAJILIWA

National Microfinance Bank PLC
NMB Head Office
Ali Hassan Mwinyi/Ohio Streets
S.L.P 9213
Dar es Salaam

KATIBU WA KAMPUNI NA MWANASHERIA MKUU WA BENKI

Lilian R. Komwihangiro
National Microfinance Bank Plc
NMB Head Office
Ali Hassan Mwinyi/Ohio Streets
P.O. Box 9213
Dar es Salaam

WAKAGUZI

Pricewaterhouse Coopers
Certified Public Accountants (Tanzania)
369 Toure Drive, Oysterbay
S.L.P 45
Dar es Salaam

HEAD OFFICE Makao Makuu

Ohio/Ali Hassan Mwinyi Road
P.O. Box 9213, Dar es Salaam
Tel: (General): +255222322000
Tel: (fax): +255222112148

WHOLESALE BANKING Idara ya Wateja Wakubwa na Serikali

GOVERNMENT BUSINESS

P.O. Box 9213, Dar es Salaam
Tel: (Direct): +255 22 2161157
Tel: (General): +255 22 2127362

INSTITUTIONAL BANKING

P.O. Box 9213, Dar es Salaam
Tel: (General): +255 22 2322000
Fax: +255 22 2112148

TRANSACTIONAL BANKING

P.O. Box 9213, Dar es Salaam
Tel: (General): +255 22 2322000
Fax: +255 22 2112148

CORPORATE BANKING

P.O. Box 9213, Dar es Salaam
Tel: (General): +255 22 2322000
Fax: +255 22 2112148

RETAIL BANKING Idara ya Wateja Wadogo

BUSINESS BANKING

Business Banking
P.O. Box 9213, Dar es Salaam
Tel: (General): +255 22 2322000
Fax: +255 22 2112148

PERSONAL BANKING

P.O. Box 9213, Dar es Salaam
Tel: (General): +255 22 2322000
Fax: +255 22 2112148

ALTERNATIVE CHANNELS

P.O. Box 9213, Dar es Salaam
Tel: (General): +255 22 2322000
Fax: +255 22 2112148
Treasury

TREASURY Idara ya Hazina

FOREIGN EXCHANGE

P.O. Box 9213, Dar es Salaam
Tel: (Direct): +255 22 2322020
Fax: +255 22 2112149

MONEY MARKETS

P.O. Box 9213, Dar es Salaam
Tel: (Direct): +255 22 2322010
Fax: +255 22 2112149

AGRIBUSINESS Idara ya biashara ya kilimo

P.O. Box 9213, Dar es Salaam
Tel: (General): +255 22 2322000
Fax: +255 22 2112148

SOUTHERN ZONAL OFFICE

Ofisi ya Kanda ya Kusini P.O. Box 625, Mtwara
Tel: 023 2333329
Tel (General): 023 2334020
Fax: 023 2333667

EASTERN ZONAL OFFICE

Ofisi ya Kanda ya Mashariki P.O. Box 1066, Morogoro
Tel: (Direct) 023 2613479
Tel: (General) 023 2613511
Fax: 023 2613600

NORTHERN ZONAL OFFICE

Ofisi ya Kanda ya Kaskazini P.O. Box 1256, Arusha
Tel: (Direct) 027 2508079
Tel: (General) 027 2508516
Fax: 027 2548275

CENTRAL ZONAL OFFICE

Ofisi ya Kanda ya Kati P.O. Box 888, Dodoma
Tel: (Direct) 026 2322117
Tel: (General) 026 2322260
Fax: 026 2321835

LAKE ZONAL OFFICE

Ofisi ya Kanda ya Kanda ya Ziwa
P.O. Box 1580, Mwanza
Tel: (Direct) 028 2501050
Tel: (General) 028 2500867
Fax: 028 2500691

DAR ES SALAAM ZONAL OFFICE

Ofisi ya Kanda ya Dar es Salaam
P.O. Box 4887, Dar es salaam
Tel: (Direct) 022 2128684
Tel: (General) 022 2128685
Fax: 022 2128687

ANNUAL GENERAL MEETING NOTICE 2017 | TAARIFA YA MKUTANO MKUU WA MWAKA 2017

NOTICE OF THE 17TH ANNUAL GENERAL MEETING OF THE MEMBERS OF NATIONAL MICROFINANCE BANK (NMB) PLC

Notice is hereby given that the 17th Annual General Meeting of NMB shareholders will be held at the Julius Nyerere International Convention Centre in Dar es Salaam on Saturday, 3rd June, 2017 at 10.00 a.m. The agenda will be as follows:

- 17.1 NOTICE AND QUORUM
- 17.2 ADOPTION OF THE AGENDA
- 17.3 CONFIRMATION OF THE MINUTES OF THE 16TH ANNUAL GENERAL MEETING HELD ON 4TH JUNE 2016
- 17.4 MATTERS ARISING FROM THE PREVIOUS MINUTES
- 17.5 TO RECEIVE, CONSIDER AND ADOPT THE DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS FOR YEAR ENDED 31st DECEMBER 2016
- 17.6 DIVIDEND DECLARATION FOR THE FINANCIAL YEAR 2016
- 17.7 TO RECEIVE AND APPROVE THE PROPOSAL FOR DIRECTORS' REMUNERATION
- 17.8 RESIGNATION AND APPOINTMENT OF DIRECTORS
- 17.9 TO RECEIVE AND APPROVE APPOINTMENT OF EXTERNAL AUDITORS FOR THE FINANCIAL YEAR 2017
- 17.10 CHANGE OF COMPANY NAME
- 17.11 ANY OTHER BUSINESS

TAARIFA YA MKUTANO MKUU WA 17 WA WANAHISA WA BENKI YA NATIONAL MICROFINANCE BANK (NMB) PLC

Taarifa inatolewa kwamba Mkutano Mkuu wa 17 wa mwaka wa wanahisa wa NMB utafanyika katika ukumbi wa Julius Nyerere International Convention Centre, Dar es Salaam saa 4 asubuhi siku ya Jumamosi, Juni 3, 2017. Agenda itakuwa kama ifuatavyo:

- 17.1 MATANGAZO NAAKIDI
- 17.2 KUPITISHA AJENDA ZA MKUTANO
- 17.3 KUTHIBITISHA KUMBUKUMBU ZA MKUTANO MKUU WA 16 ULIOFANYIKA TAREHE 4 JUNI 2016
- 17.4 YATOKANAYO NA MKUTANO WA 16 WA WANAHISA
- 17.5 KUPOKEA, KUJADILI NA KUPITISHA RIPOTI YA WAKURUGENZI NA TAARIFA ZA FEDHA KWA MWAKA ULIOISHIA 31 DESEMBA 2016
- 17.6 KUIDHINISHA GAWIO KWA MWAKA UNAOISHIA 31 DESEMBA 2016
- 17.7 KUPOKEA NA KUIDHINISHA MALIPO YA WAKURUGENZI
- 17.8 KUTEUA WAKURUGENZI
- 17.9 KUPOKEA NA KUTHIBITISHA UTEUZI WA WAKAGUZI WA HESABU KWA MWAKA UNAOMALIZIKA 31 DESEMBA 2017
- 17.10 KUBADILISHA JINA LA KAMPUNI
- 17.11 MENGINEYO

IMPORTANT NOTES

1. Members wishing to attend the meeting must come with one of the following: a copy of his/her depository receipt, passport, voters ID card, or bank card.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his/her behalf in accordance with the provisions of the Articles of the Company. The proxy form must be deposited at the registered office of the company not later than 10.00 am Friday, 2nd June 2017.
3. Members wishing to attend the meeting will have to attend at their own cost. Copies of annual report and proxy forms will be available in NMB branches.
4. Directors propose payment of a dividend of TZS 104 per share, amounting to TZS 52 billion out of 2016 profit.

Date of announcement of results: -	5th May 2017
Shares trading cum div: -	5th May 2017
Last day of trading cum-dividend: -	25th May 2017
Shares start trading ex-div: -	26th May 2017
Register Closing Date (Books Closure Date) -	30th May 2017
Payment of dividend: -	on or about 15th June 2017

By order of the Board.



LILIAN R. KOMWIHANGIRO
COMPANY SECRETARY

MAY 12TH, 2017

MAELEZO MUHIMU

1. Mwanachama anayetarajia kuhudhuria Mkutano lazima aje na nakala yake ya risiti ya uwekezaji wa hisa (Depository receipt) au kitambulisho chake au kadi yake ya benki.
2. Mjumbe anayeruhusiwa kuhudhuria na kupiga kura kwenye Mkutano anaruhusiwa kuchagua mwakilishi kuhudhuria na kupiga kura kwa niaba yake kwa kufuata /kuzingatia taratibu na Sheria za Kampuni kama zilivyorekebishwa. Fomu ya uwakilishi lazima iwasilishwe kwenye ofisi iliyosajiliwa ya Kampuni kabla ya saa 4 asubuhi Ijumaa ya tarehe 2 Juni 2017.
3. Mwanachama anayetarajia kuhudhuria kikao atatakiwa kuhudhuria kwa gharama zake mwenyewe. Nakala za taarifa ya mwaka na fomu za mwakilishi zitapatikana matawini.
4. Wakurugenzi wamependekeza ulipwaji wa gawio la shilingi 104 kwa kila hisa, inayoleta jumla ya shilingi 52 bilioni kutokana na faida ya mwaka 2016.

Tarehe ya tangazo:	5th May 2017
Hisa kuuzwa pamoja na gawio :	5th May 2017
Mwisho wa hisa kuuzwa pamoja na gawio :	25th May 2017
Hisa kuanza kuuzwa bila gawio:	26th May 2017
Daftari la wanahisa kufungwa:	30th May 2017
Malipo ya gawio kwa wanahisa: kuanzia tarehe:	15th Juni 2017

Kwa amri ya Bodi ya Wakurugenzi,



LILIAN R. KOMWIHANGIRO
KATIBU WA KAMPUNI

12 MEI 2017

ANNUAL GENERAL MEETING NOTICE 2017 | TAARIFA YA MKUTANO MKUU WA MWAKA 2017

PROXY

TO:
THE COMPANY SECRETARY
NATIONAL MICROFINANCE BANK PLC
NMB HEAD OFFICE
ALI HASSAN MWINYI/OHIO STREETS
P.O. BOX 9213
DAR ES SALAAM

I/We, _____ of _____
being a fully paid up member/members of the NATIONAL MICROFINANCE BANK PLC and entitled to vote,
hereby appoint _____ of _____
as my/our proxy, to vote for me/us and on my/our behalf at the 17th ANNUAL GENERAL MEETING of the Company to be held at
the Julius Nyerere Convention Centre in Dar es Salaam on Saturday, 3rd June 2017, and at any adjournment thereof.

Signed this _____ day of _____ 2017

Signature(s) of member (s) _____

Note: A member entitled to attend and vote may appoint, in writing a proxy to act on his/her behalf, to attend, vote and speak instead of him/her. A proxy need not also be a member of the company.

UWAKILISHI

TO:
THE COMPANY SECRETARY
NATIONAL MICROFINANCE BANK PLC
NMB HEAD OFFICE
ALI HASSAN MWINYI/OHIO STREETS
P.O. BOX 9213
DAR ES SALAAM

Mimi/Sisi _____ wa _____
Mjumbe/Wajumbe wa NATIONAL MICROFINANCE BANK PLC ambaye/ambao nimeruhusiwa/tumeruhusiwa kupiga kura,
ninamchagua/tunamchagua _____ wa _____
kama Mwakilishi kupiga kura kwa niaba yangu/yetu kwenye MKUTANO MKUU WA KUMI NA SABA WA MWAKA wa kampuni
utakaofanyika kwenye ukumbi wa Julius Nyerere Convention Centre, Dar es Salaam siku ya Jumamosi tarehe 3 Juni 2017, hata
katika kuahirishwa kwake.

Imesainiwa tarehe _____ siku ya _____ 2017

Sahihi ya/za mwanachama/wanachama _____

Angalizo: Mwanachama anayeruhusiwa kuhudhuria na kupiga kura anaweza kuchagua, kwa maandishi mwakilishi kuhudhuria, kupiga kura na kuongea kwa niaba yake. Mwakilishi pia si lazima awe mjumbe wa kampuni.

WHISTLE BLOWING | KUTOA TAARIFA

As NMB Values encourage compliance and integrity above all, we also encourage our staff members, customers, or other stakeholders to raise any concerns, inappropriate practices of any nature through our whistle blowing channels as shown below:

1. THROUGH NMB WEBSITE

<http://www.nmbtz.com>

2. BY POST:

You can confidentially send your concerns to the Managing Director (MD):

Attn to MD [envelope marked "strictly private and confidential"]

NMB Head Office,
P. O. Box 9213,
Ali Hassan Mwinyi/Ohio Streets
Dar es Salaam, Tanzania.

3. THROUGH EMAIL:

whistleblowing@nmbtz.com

4. BY CALLING:

the following Toll Free Phone Numbers, for those who would wish to call:

- i. 0658 751 000 - Tigo
- ii. 0779751 000 - Zantel
- iii. 0685 751 000 - Airtel
- iv. 0800 751 000 - Vodacom

Mwongozo wa NMB unahamasisha masuala ya uaminifu na utimilifu. Vilevile, tunahimiza na kuhamasisha wafanyakazi, wateja na wadau wetu kwa ujumla kutoa taarifa zozote za matendo yasiyo sahihi ya aina yoyote kwa kutumia njia za kupiga mbiu "whistle blowing" kama ilivyoonyeshwa hapa chini:

1. KUPITIA TOVUTI YA NMB

<http://www.nmbtz.com>

2. KWA POSTA:

Unaweza kutuma maelezo yako kwa siri kwa Mkurugenzi Mtendaji:

Ionwe na: Mkurugenzi Mtendaji [bahasha iandikwe "Binafsi na Siri"]

NMB Makao Makuu,
S.L.P 9213,
Ali Hassan Mwinyi/Ohio Streets
Dar es Salaam, Tanzania.

3. KUPITIA BARUA PEPE:

whistleblowing@nmbtz.com

4. KWA KUPIGA SIMU

namba za bure zifuatazo, kwa wale wanaopenda kupiga simu:

- i. 0658 751 000 - Tigo
- ii. 0779751 000 - Zantel
- iii. 0685 751 000 - Airtel
- iv. 0800 751 000 - Vodacom

FINANCIAL STATEMENTS

TAARIFA ZA HESABU



1. INTRODUCTION

The Directors submit their report together with the audited financial statements for the year ended 31 December 2016, which disclose the state of affairs of National Microfinance Bank Plc (the "Bank") and its subsidiary Upanga Joint Venture Company Limited (together, the 'Group').

2. INCORPORATION

The Bank is incorporated in Tanzania under the Companies Act, No. 12 of 2002 as a public limited liability company.

3. VISION

To be the preferred financial services partner in Tanzania.

4. MISSION

Through innovative distribution and its extensive branch network, the Bank offers affordable, customer focused financial services to the Tanzanian community, in order to realise sustainable benefits for all its stakeholders.

5. PRINCIPAL ACTIVITIES

The Bank is licensed under the Banking and Financial Institution Act, 2006, license number CBA 00032. It is authorized to conduct and carry out banking business in Tanzania as a Bank. The Bank is regulated by the Bank of Tanzania and is subject to the provisions of the Banking and Financial Institutions Act, 2006 and its regulations.

The Bank is engaged in taking customer deposits, providing credit facilities and offering other commercial banking services. The Bank's lending products include Salaried workers' loans, Personal loans, Pensioners loans, Outgrowers loans, Corporate loans, Post import loans, loans to small & medium enterprises and overdraft for both corporate and SME customers. The Bank's deposit products include Personal accounts, Junior savings, Bonus savings, Wisdom account, Business accounts, Kilimo account, Student account, Chap account, Call deposits, Chipukizi accounts and Fixed deposits. Other products and services include letters of credit, guarantees, internet banking and mobile banking.

6. DIRECTORS

The Directors of the Bank at the date of this report are:-

No	Name	Position	Date of Birth	Nationality	Qualification/ discipline	Date of appointment
1	Prof. Joseph Semboja	Chairman	24 April 1951	Tanzanian	Economist	Appointed on 2 June 2012
2	Albert Jonkergouw	Member	26 January 1958	Dutch	Professional Accountant/Registered IT Auditor	Re-appointed on 7 June 2014
3	Jos van Lange	Member	06 May 1956	Dutch	Economist/Banker	Re-appointed on 4 June 2016
4	Leonard Mususa	Member	25 September 1953	Tanzanian	Certified Public Accountant	Appointed on 6 June 2015
5	Margaret Ikongo	Member	08 June 1957	Tanzanian	Chartered Insurer	Re-appointed on 1 June 2013
6	Mike Laiser	Member	28 December 1948	Tanzanian	Enterprise Development Economist	Re-appointed on 4 June 2016
7	Protase Tehingisa	Member	24 May 1947	Tanzanian	Lawyer	Re-appointed on 6 June 2015
8	William Mlaki	Member	09 January 1947	Tanzanian	Economist/Banker	Re-appointed on 1 June 2013
9	Ineke Bussemaker	Member	23 February 1958	Dutch	Banker	Appointed on 6 June 2015

7. COMPANY SECRETARY

The Bank's secretary as at 31 December 2016 and during the year was Mrs. Lilian R. Komwihangiro.

8. CORPORATE GOVERNANCE

The Board of Directors (the "Board") consists of nine Directors. One of the Directors holds an executive position (Managing Director) in the Bank. The Board takes overall responsibility for the Bank, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

The Board is required to meet at least four times a year. The Board delegates the day to day management of the business to the Managing Director assisted by the Management Team. The Management Team is invited to attend board meetings and facilitate the effective control of all the Bank's operational activities, acting as a medium of communication and coordination between all the various business units.

The Bank is committed to the principles of effective corporate governance. The Directors also recognise the importance of integrity, transparency and accountability. During the year, the Board had the following board sub-committees to ensure a high standard of corporate governance throughout the Bank

No	Name	Position
Board Executive Committee		
1	Prof. Joseph Semboja	Chairman
2	Albert Jonkergouw	Member
3	Mike Laiser	Member
4	Ineke Bussemaker	Member
Board Audit, Risk and Compliance Committee		
1	Jos van Lange	Chairman
2	Leonard Mususa	Member
3	Mike Laiser	Member
4	William Mlaki	Member
5	Ineke Bussemaker	Member
Board Human Resources and Remuneration Committee		
1	Mike Laiser	Chairman
2	Albert Jonkergouw	Member
3	Margaret Ikongo	Member
4	Protase Tehingisa	Member
5	Ineke Bussemaker	Member
Board Credit Committee		
1	William Mlaki	Chairman
2	Albert Jonkergouw	Member
3	Leonard Mususa	Member
4	Protase Tehingisa	Member
5	Ineke Bussemaker	Member

During the year, there were 9 board meetings (5 of which were special meetings). There were also 13 Board Credit Committee meetings, 5 Board Human Resources and Remuneration Committee meetings (1 of which were special meetings), 10 Board Audit, Risk and Compliance Committee meetings and 2 Board Executive Committee meetings.

9. REMUNERATION POLICIES

The Bank has in place processes and procedures for determining remuneration paid to its Directors. Management normally prepares a proposal of fees and other emoluments paid to directors after having conducted a market survey, which is brought to the Board before forwarding the same to the Annual General Meeting (AGM) for final approval.

10. ACCOUNTING POLICIES

The accounting policies of the Bank disclosed in Note 3 to the financial statements have been approved by the Board. The accounting policies for financial instruments forms a significant part of the policies and are disclosed from Note 3(f) to 3(l). The accounting policies have been updated to reflect the new and revised International Financial Reporting Standards (IFRSs) in Note 2.

11. MANAGEMENT TEAM

The Management of the Bank is led by the Managing Director assisted by the Management Team. The management of the Bank at the date of the report consisted the following:-

Managing Director	Ineke Bussemaker
Chief Wholesale Banking Officer	Richard Makungwa
Chief Finance Officer	Waziri Barnabas
Chief Human Resources Officer	Charles Kazuka
Chief Retail Banking Officer	Abdulmajid Nsekela (Acting)
Chief Operating Officer	Pete Novat
Chief Credit Officer	Tom Borghols
Chief Agribusiness	Saif Ahmed
Chief Internal Auditor and	Augustino Mbogella
Treasurer	Aziz Chacha

12. INTERNAL AUDIT FUNCTION

The Bank has established an independent Internal Audit function reporting to the Board Audit Risk and Compliance committee. The Chief of Internal Audit of the Bank is Mr. Augustino Mbogella.

13. CAPITAL STRUCTURE

The Bank's capital structure for the year under review is shown below:-

Authorised

625,000,000 ordinary shares of TZS 40 each (2015: 625,000,000 ordinary shares of TZS 40 each).

Called up and fully paid

500,000,000 ordinary shares of TZS 40 each (2015: 500,000,000 ordinary shares of TZS 40 each).

Details of the capital management, regulatory capital and capital structure are disclosed under Note 6.6.

14. SHAREHOLDERS OF THE BANK

The total number of shareholders during the year 2016 is estimated to be 17,576 (2015: 17,668). None of the Directors is holding a significant number of shares at the Bank. The following is a list of shareholders who individually own 0.5% or more:

14. SHAREHOLDERS OF THE BANK (CONTINUED)

Name Of The Shareholder	%	2016 Number Of Shares	%	2015 Number Of Shares
Cooperatieve Centrale Raiffeisen-Boerenleenbank B.a. 'Rabobank Nederland' (Rabobank)	34.9	174,500,000	34.9	174,500,000
The Treasury Registrar	31.8	158,901,800	31.8	158,901,800
National Investments Company Limited	6.6	33,049,520	6.6	33,049,520
Mr Aunali F Rajabali And Sajjad F Rajabali	5.0	25,000,000	5.1	25,408,470
Exim Bank (Tanzania) Limited	-	-	4.6	22,975,904
Morgan Stanley Asset Management	2.8	14,134,842	-	-
Sqm Frontier	1.9	9,566,432	1.3	6,366,872
Patrick Schegg	1.0	4,972,700	1.0	4,972,700
Parastatal Pension Fund (Ppf)	1.0	4,831,636	1.0	4,831,636
Pinebridge Master Fund	0.8	3,830,000	-	-
Kuwait Investment Authority	0.7	3,500,000	-	-
Icbc Standard Bank Plc	-	-	0.6	3,199,560
Duet Africa Opportunities Master Fund Ic	0.6	3,150,000	-	-
Tccia Investment Company Limited	0.5	2,611,886	0.5	2,611,886
Shareholders With Less Than 0.5% Stake	12.4	61,951,184	12.6	63,181,652
	100.0	500,000,000	100.0	500,000,000

15. STOCK EXCHANGE INFORMATION

In 2008 the Bank was listed at the Dar es Salaam Stock Exchange. The price per share as at year end date was TZS 2,750 (2015: TZS 2,500). Market capitalisation as at 31 December 2016 was TZS 1,375 billion (2015: TZS 1,250 billion).

16. FUTURE DEVELOPMENT PLANS

Technology will be a cornerstone of the Bank's future development plans. We will seek to leverage technology to improve our operations in order to better serve our customers. Key areas of focus shall include: process automation; expansion of our agency banking network and digital channels innovation. The Bank will also selectively explore the provision of new products and services that may cater to our customers' needs. Management will continue to pay special attention to cost and risk management in line with objectives of its medium term plans.

17. MARKET OVERVIEW

Stalling global trade, weak investment, and heightened policy uncertainty have depressed world economic activity. Global growth is estimated to have fallen to 2.3 percent in 2016, the weakest performance since the global financial crisis and 0.1 percentage point below June 2016. Global growth is expected to rise to 2.7 percent in 2017, mainly reflecting a recovery in emerging market and developing economies. Growth in the United States slowed markedly from 2.6 percent in 2015 to an estimated 1.6 percent in 2016, 0.3 percentage point below previous projections.

The Tanzanian economy has seen steady growth and is expected to pick up pace largely due to a number of infrastructure projects including the standard gauge railway, as well as improvement of ports services. Tanzania's GDP growth has averaged 7% during the year.

Overall, the currency was stable in 2016 on account of tight liquidity throughout the year, which saw the central bank selling or buying US Dollars in order to distribute the local currency liquidity. The shilling depreciated by only 1% in 2016 against a 25% depreciation seen in the prior year. Meanwhile, annual headline inflation in December 2016 gradually decreased to 5.0%, down from 6.8% in December 2015.

18. PERFORMANCE FOR THE YEAR

2016 Financial Highlights

Statement of financial position

- Total assets of the Group and Bank increased to TZS 4.9 trillion (2015: TZS 4.5 trillion), this represents a yearly growth of 9%.
- Bank's loan book grew by 12% to TZS 2.8 trillion from TZS 2.5 trillion; the growth was driven mainly by the increase of loan portfolio and, in particular, Salary Workers Loans increased by 357 billion from prior year, Corporate loans increased by 183 billion from prior year and SME and MSE loans increased by 58 billion from prior year. This growth in assets was funded by growth in customer deposits by TZS 172 billion (particularly public deposits and those from local governments), retail bond TZS 41 billion and borrowings from Financierings-Maatschappij voor Ontwikkelingslanden N.V (FMO) and European Investment Bank (EIB) amounting to TZS 312 billion.
- There was an increase in Bank's non-earning assets in particular tangible and intangible assets by 41% mainly due to leasehold improvements (fit-out for new branches and Cash Collection Points (CCPs)), data centre equipment and software acquisitions.
- At the year end, Ohio Street Properties (OSP) was voluntarily wound-up and its shares in UJVC were transferred to NMB.
- There was an increase in our investment in government securities by about 6% due to slow-down in lending towards the last quarter.

Statement of comprehensive income

- During the year, the Group recorded a net profit of TZS 156,107 million (2015: TZS 148,733 million), an increase of 5% and the Bank earned a net profit of TZS 153,779 million (2015: TZS 150,208 million), an increase of 2.4% year on year. The increase was mainly attributed by increase in the operating income of the Group.
- The Group recorded a profit before tax of TZS 223,752 million (2015: TZS 215,853 million), an increase of 3.7% and the Bank recorded a profit before tax of TZS 221,424 million (2015: TZS 217,328 million), representing a growth 1.9% year on year. The increase in profit before tax was driven by increase in interest income by 26% resulting from growth in loan portfolio, favourable interest rates from investment in government securities and, growth in fees related income by 15.2% year on year.
- The Bank's net interest income increased by 21% while loan impairment increased by 100% due to increase in Portfolio At Risk (PAR) while net fees and other income decreased by 2.4% mainly attributed by decrease in Foreign exchange income and other income.
- The Bank's operating expenses increased by 17% during the year mainly contributed by general growth of business and depreciation expense.

The Bank's subsidiary Upanga Joint Venture Company (UJVC) Limited was fully operational and made a profit of TZS 2.3 billion (2015: Net loss of TZS 1.5 billion). The total assets slightly decreased from TZS 50 billion as at 31 December 2015 to TZS 48 billion reported at 31 December 2016 due to re-payment of the loan balance.

The audited financial statements for the year are set out on pages 78 to 159.

19. CASH FLOW

During the year, the Bank's major source of cash flow has been from operations that generated TZS 40,046 million (2015: TZS 272,753 million) and TZS 18,023 million from financing activities (2015: Cash out flow of TZS 22,424 million). The major use of the cash flow has been TZS 70,880 million (2015: TZS 63,196 million) for payment of Tax, TZS 80,749 million (2015: TZS 83,480 million) investment in fixed assets especially for the new head office and TZS 52,000 million (2015: TZS 52,000 million) for dividend payment.

The Bank's cash projections indicate that future cash flows will mostly be generated from deposits. The Bank will continue to implement different strategies to mobilise deposits by targeting individual depositors but also offering competitive rates for fixed deposits and improving cash collection solutions to big corporate customers, pension funds, NGO's and other agencies.

20. TREASURY POLICY

The Bank maintains a well-documented treasury policy that outlines approved Treasury activities in the bank and how various risks that arise from such dealings together with other banking activities are identified, measured and managed. These, among others, include liquidity risk, foreign exchange risk and interest rate risk.

Regulatory ratios and internal limits on the above stated risks are stipulated in the policy to enable an efficient monitoring of any breaches. Moreover, to combat any losses that may result from dealing activities, the policy allows for establishment of dealer limits, counterparty limits and stop-loss limits that must be reviewed regularly and kept up to-date. In addition to this, roles and responsibilities of treasury staff, market risk unit, senior management and Assets and Liability Committee (ALCO) members in complying with the policy are stated.

Asset Liability Management (ALM) team in conjunction with market risk unit provides monthly reports to ALCO to evidence compliance of the policy. Any incident where a guideline has been breached is reported by the Treasury functions to the Treasurer who then escalates the breach to ALCO members and bank management for immediate actions. The following sections are covered in the Treasury policy:

Liquidity Management

Liquidity management evaluates the Bank's ability to meet its commitments as they fall due and whilst maintaining market confidence in the market so as to be able to replace funds when they are withdrawn.

The Bank's sound and robust liquidity management process, as carried out within the bank and monitored by ALCO, encompasses of the following:

- Day-to-day funding, managed by monitoring future cash flows to ensure that daily obligations can be met. This includes replenishment of funds as they mature or borrowed by customers. The bank maintains an active presence in money markets to enable this to happen.
- Maintaining a portfolio of highly liquid and marketable securities that can easily be liquidated as protection against any unforeseen interruption to cash flows
- Monitoring balance sheet liquidity ratios, i.e., Liquid Asset Ratio (LAR), Loan to Deposit Ratio (LDR) and Long-term Funding Ratio (LTFR) against internal and regulatory requirements
- Managing the concentration and profile of debt maturities
- Diversification of depositor base
- Performing Liquidity stress and scenario tests; and
- Maintaining a robust and effective contingency funding plan

It is vital to know that changes in interest rates impact the overall profit of the Bank. Hence, in addition to liquidity management, the Bank manages its interest expenses by regular review of the fixed deposit rates and other savings accounts rates, together with striving to obtain reasonable and fair borrowing rates from the interbank and multilateral lenders.

20. TREASURY POLICY (CONTINUED)

Foreign Exchange Risk

Foreign Exchange Risk is a current or prospective exposure to earnings and capital arising from adverse movement in currency exchange rate. The Treasury policy mainly focuses on foreign exchange risk that arises from trading activities whose management principles are as outlined below;

- Identification of Foreign exchange risks in the trading and banking book.
- Risk appetite specification in the form of limits and triggers.
- Breach management
- Price validation and profit recognition
- Sign off of positions and Profit and Loss accounts
- Reporting and Management of Foreign exchange risk

The policy further outlines the roles and responsibilities of ALCO, Market Risk Unit and Foreign exchange traders in managing this risk for the bank.

Interest Rate Risk

Interest Rate Risk is the risk that arises from mismatches between the re-pricing dates on interest rate sensitive assets and liabilities in the normal course of business activities. Treasury Policy explains the types of interest rate risk together with methods for measuring and managing it. The policy additionally outlines the roles and responsibilities of ALCO and Treasury in their involvement with managing the risk. All these are disclosed both internally via reports to ALCO (monthly) and Board Audit Risk and Compliance Committee (BARCC) on a quarterly basis and publically through annual financial reports.

Contingency Funding Plan

Treasury Policy puts together a contingency funding plan that is aimed at providing framework within which an effective plan of action can be put in place in response to an adverse liquidity event. The plan stipulates:

- The points that will trigger implementation of the plan;
- Roles and Responsibilities of specific Management;
- Team members during phase 1 and phase 2 of the crisis situation as defined in the policy; and
- An updated call tree during the liquidity crisis.

21. DIVIDEND

The Directors propose payment of a dividend of TZS 104 per share, amounting to TZS 52 billion. In 2015, a dividend of TZS 104 per share, amounting to TZS 52 billion was approved and paid.

22. RESOURCES

Employees with appropriate skills and experience in running the business are a key resource available to the Bank and they assist in pursuing the Bank's business objectives.

23. PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks that may significantly affect the Bank's strategies and development are mainly operational, fraud and financial risks. Below, we provide a description of the fraud, operational and financial risks facing the Bank:

Fraud risk

There is a general increase in fraudulent transactions in the Banking industry in Tanzania. The Bank experienced an increase in fraud cases by way of ATM card skimming and cybercrime. The number and value of fraud cases was however very low and the Bank was able to implement both remedial and preventive measures.

23. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Operational risk

This is a risk resulting from the Bank's activities not being conducted in accordance with formally recognised procedures including non-compliance with Know Your Customer (KYC) and account opening procedures.

Management ensures that the Bank complies with KYC and other internal procedures.

Financial risk

The Bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. More details of the financial risks facing the Bank are provided in Note 6 to the financial statements.

24. RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

The Board assessed the internal control systems throughout the financial year ended 31 December 2016 and is of the opinion that they met the accepted criteria.

The Board carries out risk and internal control assessment through the Board Audit, Risk and Compliance Committee.

25. KEY PERFORMANCE INDICATORS FOR BANK

The following Key Performance Indicators (KPIs) are effective in measuring the delivery of the Bank's strategy and managing the business

Performance indicator	Definition and calculation method	NMB ratios	
		2016	2015
Return on equity	Net profit/Total equity.	20%	23%
Return on assets	Net profit/Total assets.	3%	3%
Cost to income ratio	Total costs/Net income.	59%	57%
Interest margin on earning assets	Total interest income/ (Balance in government securities + balances with other financial institutions + interbank loan receivables + investments in other securities + net loans, advances and overdraft).	15%	13%
Non - interest income to Gross income	Non - interest income/Total income.	23%	28%
Gross loans to customers to customer deposits	Total loans to customers/Total deposits from customers.	76%	71%
Non - performing loans to gross loans	Non - performing loans/Gross loans and advances.	4.8%	2.1%
Earning assets to total assets	Earning assets/Total assets.	74%	73%
Growth on total assets	Increase in assets for the year/Total asset opening balance	8%	18%
Growth on loans and advances to customers	Increase in Loans and advances /Opening balance of loans and advances.	13%	24%
Growth on customer deposits	Increase in customer deposits/Opening balance of customer deposits	5%	19%
Capital adequacy			
Tier 1 Capital	Risk Weighted assets including Off-balance sheet items/ Core Capital	19%	20%
Tier 1+Tier 2 Capital	Risk Weighted assets including Off-balance sheet items/ Total Capital	20%	22%

26. SERIOUS PREJUDICIAL MATTERS

In the opinion of the Directors, there are no serious unfavorable matters that can affect the Bank (2015: none).

27. SOLVENCY

The Board of Directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The Board of Directors has reasonable expectation that the Bank has adequate resources to continue in operational existence for the foreseeable future.

28. EMPLOYEES' WELFARE

Management and employees' relationship

There was continued good relation between employees and management for the year 2016. There were no unresolved complaints received by the Management from the employees during the year. A healthy relationship continues to exist between management and the trade union with whom the Bank signed a recognition agreement.

The Bank is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind.

Training facilities

During the year, the Bank spent TZS 3,711 million (2015: TZS 3,899 million) on staff training in order to improve employees' technical skills and hence effectiveness. Training programs have been and are continually being developed to ensure

28. EMPLOYEES' WELFARE (CONTINUED)

Training facilities (continued)

employees are adequately trained at all levels. All employees have some form of annual training to upgrade skills and enhance development.

Medical assistance

All members of staff and their spouses up to a maximum number of four beneficiaries (dependents) for each employee were availed medical services by the Bank through an external service provider.

Financial assistance to staff

Loans are available to all confirmed employees depending on the assessment of, and the discretion of management as to the need and circumstances. Loans provided to employees include vehicle loans, personal loans and other advances.

Persons with disabilities

Applications for employment by disabled persons are always considered, bearing in mind the aptitude of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Bank continues and appropriate training is arranged. It is the policy of the Bank that training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employees benefit plan

The Bank pays contributions to publicly administered pension plans on mandatory basis which qualify to be defined contribution plan.

The number of employees during the year was 3,432 (2015: 3,162).

29. GENDER PARITY

The Bank had 3,432 employees, out of which 1,834 were male and 1,598 were female (2015: male 1,741, female 1,421).

30. RELATED PARTY TRANSACTIONS

All related party transactions and balances are disclosed in Note 38 to the financial statements.

31. POLITICAL AND CHARITABLE DONATIONS

The Bank did not make any political donations during the year (2015: NIL)

32. RELATIONSHIP WITH STAKEHOLDERS

The Bank continued to maintain a good relationship with all stakeholders including regulators.

The Bank also recognizes that effective communication with stakeholders is essential to good governance. Following the publication of its financial results, the Bank engages with investors to present the results and answer questions accordingly. Shareholders are encouraged to attend annual general meeting and participate in the affairs of the Bank.

33. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Bank set aside funds amounting to TZS 1.5 billion (2015: TZS 1.5 billion) for distribution to charitable and other organizations of which TZS 1.48 billion (2015: TZS 844 million) was spent during the year. The Bank continued with its commitment to support communities through the agreed focus pillars below:

33. CORPORATE SOCIAL RESPONSIBILITY (CSR) (CONTINUED)

- Education (school desks, laboratories and libraries);
- Financial literacy (financial curriculum training in schools);
- Support for natural disaster recovery;
- Health (Hospital beds both for sleeping and delivery, waiting bays and ward separators);
- Official opening of branches – these are new NMB branches where we donated a maximum of TZS 10 million towards CSR projects to be identified by the regional commissioner or district director; and
- Support of new regions – we usually support new regions with development projects; a maximum of TZS 25 million towards chosen projects by Regional Commissioner.

The Bank continued with its commitment to put its employees at the heart of CSR programs by engaging with them and supporting their chosen CSR worthy projects. Staff participation has highlighted the importance of giving where the Bank encourages and promotes staff interest in giving back to the community – hence promoting the habit of giving and bringing change to communities we serve.

In 2016, a total number of 80 branches and departments participated in various initiatives by supporting the disadvantaged groups with different needs ranging from stationaries, toiletries, delivery kits and food stuff.

34. AUDITORS

The Bank's auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office and is eligible for re appointment. A resolution proposing the re-appointment of PricewaterhouseCoopers as auditor of the Company for the year ending 31 December 2017 will be put to the Annual General Meeting.

By order of the Board.



Prof. Joseph Semboja
Chairman

24th March 2017

The Companies Act, No. 12 of 2002 requires Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Bank and of the Group as at the end of the financial year and of their profits for the year. It also requires the Directors to ensure that the Bank and its subsidiaries keep proper accounting records that disclose, with reasonable accuracy, the financial position of the Bank and of the Group. They are also responsible for safeguarding the assets of the Bank and of the Group and hence taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The Directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, No. 12 of 2002. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Bank and of the Group and of their profits in accordance with International Financial Reporting Standards (IFRS). The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Nothing has come to the attention of the Directors to indicate that the Bank and its subsidiaries will not remain a going concern for at least twelve months from the date of this statement.

Signed on behalf of the Board of Directors by



Prof. Joseph Semboja
Chairman

24th March 2017

DECLARATION OF THE CFO | TAMKO LA AFISA MKUU WA FEDHA

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance/Accounting responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors' as per the statement of Directors Responsibilities on an earlier page.

I, Waziri Barnabas, being the Chief Financial Officer of National Microfinance Bank Plc hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2016 have been prepared in compliance with the International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, No. 12 of 2002

I thus confirm that the financial statements give a true and fair view of the financial performance of National Microfinance Bank Plc for the year ended on 31 December 2016 and its financial position as on that date and that they have been prepared based on properly maintained financial records.

Signed:



Position:

Chief Financial Officer

NBAA Membership no:

GA 524

24th March 2017

Report on the audit of the Group and Bank financial statements

Our opinion

In our opinion, the consolidated and bank's financial statements give a true and fair view of the Group and Bank's financial position of National Microfinance Bank Plc (the "Bank") and its subsidiaries (together the "Group") as at 31 December 2016, and their respective financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, No. 12 of 2002.

What we have audited

National Microfinance Bank Plc group and Bank's financial statements set out on pages 78 to 159 which comprise Group's and Bank's statements of financial position as at 31 December 2016 and their statements of profit or loss and other comprehensive income for the year then ended, statements of changes in equity for the year then ended, statements of cash flows for the year then ended and notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Group and Bank's financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and ethical requirements of the National Board of Accountants and Auditors (NBAA) that are relevant to our audit of the financial statements in Tanzania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group and Bank's financial statements of the current period. These matters were addressed in the context of our audit of the Group and Bank's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Report on the audit of the Group and Bank financial statements (Continued)

Key audit matters (Continued)

Key audit matter	How our audit addressed the key audit matter
<p>i) Impairment of loans and advances to customers</p> <p>Management exercises judgement when determining both when and how much to record as loan impairment provisions. Judgement is applied to determine the appropriate parameters and assumptions to calculate the impairment. Judgement and assumptions are usually made on the identification of non-performing loans, expected cash flows, timing of cash flows, emergence period and loss ratio for unidentified impairment.</p> <p>These judgements together with the size of the loans and advances, and the liquidity pressure in the economy arising from austerity measures instituted by the government in the recent years make this a key audit matter.</p> <p>As at 31 December 2016, the Group and Bank's loans and advances to customers was TZS 2,774,464 million and provision for impairment allowances amounted to TZS 52,747 million. Further details have been disclosed in Note 20 of the financial statements.</p>	<p><u>Identification of loans subject to specific impairment provision.</u></p> <p>As the identification of loans subjected to specific impairment testing is reliant on information systems, we understood and tested key information technology general controls, controls over access to data, controls over creation of data and controls over changes to data. We tested that the system appropriately identifies past due loans and accurately calculates the number of days past due.</p> <p>We performed audit procedures to confirm appropriateness of the number of days past due applied by management to determine non-performing loans.</p> <p>In addition, we also performed audit procedures to confirm whether overdue loans that do not meet the entity's criteria for classification as non-performing but whose trend subsequent to year end indicated deterioration were appropriately included in the specific impairment assessment.</p> <p>We confirmed that all restructured loans due to financial difficulties were included in the specific impairment assessment.</p> <p><u>Impairment assessment</u></p> <p>Where an impairment assessment was driven by cash flows, we challenged management on the assumptions underlying the expected cash flows to establish their reasonableness and recomputed the discounted cash flows.</p> <p>Where impairment assessment was driven by recovery of collateral:</p> <ul style="list-style-type: none"> We tested management's process for selecting the panel of valuers used to value collateral. For physical assets related collateral, we agreed their forced sale values to collateral valuation reports. For guarantees related collateral, we agreed the guaranteed amounts to guarantee agreements. We also performed audit procedures regarding the ability of guarantors to honour guarantees. <p>We challenged management assumptions regarding the recovery costs and recovery period used in determining the recoverable amount of collaterals.</p> <p>For portfolio impairment, we tested the loss ratio used in unidentified impairment comparing it to historical data experience.</p> <p>The significant judgments and areas of uncertainty embodied in the impairment assessment are disclosed in Note 4 of the financial statements.</p>

Report on the audit of the Group and Bank financial statements (Continued)

Key audit matters (Continued)

<p>ii) Review of opening balances</p> <p>ISA 510 requires auditor to obtain sufficient and appropriate audit evidence that the opening balances do not contain misstatements that materially affect the current period's financial statements.</p> <p>This is a key audit matter because it is our first year of audit and opening balances are significant.</p>	<p>Audit procedures on opening balances included the following procedures:-</p> <ul style="list-style-type: none"> • Checking appropriateness and application of the accounting policies and whether the policies were applied consistently in all periods; and • Reviewing working papers of the predecessor auditor to confirm sufficiency of the audit evidence supporting opening balances. <p>Our audit work identified an error in the recognition of goodwill of TZS 13 billion in the consolidated financial statements for the year ended 31 December 2015, which resulted from acquisition of additional shares in one of the bank's subsidiaries, Ohio Street Properties Limited. An adjustment was made to correct the material prior period error. More information on the prior period error is included in note 23.</p>
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Other information

The directors are responsible for other information presented with financial statements. Other information comprises Directors' report but does not include the Group financial statements and our auditor's report thereon.

Our opinion on the Group and Bank's financial statements does not cover other information and we do not provide any form of assurance conclusion thereon.

In connection with our audit of the Group and Bank's financial statements, our responsibility is to read other information identified above and, in doing so, consider whether other information is materially inconsistent with the Group and Bank's financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on other information, we conclude that there is a material misstatement of this information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Group and Bank's financial statements

The directors are responsible for the preparation and fair presentation of the Group and Bank's financial statements in accordance with international financial reporting standards and the requirements of the Companies Act, No. 12 Of 2002, and for such internal control as the directors determine is necessary to enable the preparation of Group and Bank's financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are responsible for overseeing the Group's financial reporting process.

Report on the audit of the Group and Bank financial statements (Continued)

Auditor's responsibilities for the audit of the Group and Bank's financial statements

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

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

- Identify and assess the risks of material misstatement of the Group and Bank's financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Group and Bank's financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Group and Bank's financial statements, including the disclosures, and whether the Group and Bank's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the Group and Bank's financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Group and Bank financial statements (Continued)

Report on other legal and regulatory requirements

This report, including the opinion, has been prepared for, and only for, the Bank's members as a body in accordance with the Companies Act, No. 12 of 2002, and for no other purposes.

As required by the Companies Act, No. 12 of 2002, we are also required to report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Bank has not kept proper accounting records, if the financial statements are not in agreement with the accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Bank is not disclosed. In respect of the foregoing requirements, we have no matter to report.



Michael Sallu, FCPA-PP

For and on behalf of PricewaterhouseCoopers

Certified Public Accountants

Dar es Salaam

28th March 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2016 TZS' Millions	2015 TZS' Millions Restated
Interest and similar income	7(a)	548,993	436,719
Interest and similar expenses	8	(102,194)	(68,529)
Net interest income		446,799	368,190
Loan impairment charges	20(b)	(30,240)	(13,009)
Net interest income after loan impairment		416,559	355,181
Fee and commission income	9	143,622	124,671
Fee and commission expense	9	(13,758)	(10,253)
Net fee and commission income		129,864	114,418
Total operating income		546,423	469,599
Foreign exchange income	10(a)	15,419	21,992
Other income	11	6,057	18,663
Employee benefits expense	12	(148,691)	(130,649)
Other operating expenses	13(a)	(170,601)	(146,371)
Depreciation and amortization	14(a)	(24,855)	(17,381)
Profit before income tax		223,752	215,853
Income tax expense	15(a)	(67,599)	(67,040)
Profit for the year		156,153	148,813
Attributable to			
Owners of the parent		155,850	148,979
Non-controlling interests		303	(166)
Profit for the year		156,153	148,813
Other comprehensive income, net of tax			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Loss on revaluation of available for sale government securities	21(b)	(46)	(80)
Total comprehensive income for the year		156,107	148,733
Attributable to:			
Owners of the parent		155,804	148,899
Non-controlling interests		303	(166)
Total comprehensive income for the year		156,107	148,733
Basic and diluted earnings per share (TZS)	16	311.61	297.80

BANK'S STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2016 TZS' Millions	2015 TZS' Millions
Interest and similar income	7(b)	551,034	438,713
Interest and similar expenses	8	(102,194)	(68,529)
Net interest income		448,840	370,184
Loan impairment charges	20(b)	(30,240)	(13,009)
Net interest income after loan impairment		418,600	357,175
Fee and commission income	9	143,622	124,671
Fee and commission expense	9	(13,758)	(10,253)
Net fee and commission income		129,864	114,418
Total operating income		548,464	471,593
Foreign exchange income	10(b)	15,419	26,430
Other income	11	6,057	18,663
Employee benefits expense	12	(148,691)	(130,649)
Other operating expenses	13(b)	(175,955)	(151,328)
Depreciation and amortization	14(b)	(23,870)	(17,381)
Profit before tax		221,424	217,328
Income tax expense	15(a)	(67,599)	(67,040)
Profit for the year		153,825	150,288
Other comprehensive income, net of tax			
<i>Items that may be subsequent reclassified to profit or loss:</i>			
Net fair value loss on available for sale financial assets	21(b)	(46)	(80)
Total comprehensive income for the year		153,779	150,208

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Note	2016 TZS' Millions	2015 TZS' Millions Restated
Assets			
Cash and balances with Bank of Tanzania	18	950,181	972,106
Placements and balances with other banks	19	137,241	193,053
Loans and advances to customers	20(a)	2,774,464	2,457,282
Investment in government securities			
- Loans and receivable	21(a)	724,197	672,540
- Available for sale	21(b)	719	729
Equity investments	22(a)	1,740	1,740
Other assets	24(a)	49,193	36,204
Current tax assets	15(b)	891	2,387
Intangible assets	26	15,461	10,237
Property and equipment	25(a)	256,680	194,217
Deferred tax assets	27	27,513	22,736
Total assets		4,938,280	4,563,231
Liabilities			
Deposits due to other banks		11,176	1,600
Deposits from customers	28(a)	3,737,211	3,564,770
Other liabilities	29(a)	78,506	76,050
Provisions	30	2,648	3,229
Borrowings	31	352,803	265,753
Total liabilities		4,182,344	3,911,402
Capital and reserves			
Share capital	32	20,000	20,000
Retained earnings		707,334	618,165
Regulatory reserve	32	12,972	3,800
General risk reserve	32	26,385	20,876
Fair valuation reserve	32	(194)	(148)
Other reserve	32	(13,282)	(13,282)
Capital and reserves attributable to owners of the parent		753,215	649,411
Non-controlling interests		2,721	2,418
Total equity and liabilities		4,938,280	4,563,231

The financial statements on pages 78 to 159 were approved and authorised for issue by the Board of directors and were signed on its behalf by:



Prof. Joseph Semboja
Chairman
24th March 2017

BANK'S STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Note	2016 TZS' Millions	2015 TZS' Millions
Assets			
Cash and balances with Bank of Tanzania	18	950,181	972,106
Placements and balances with other banks	19	137,241	193,053
Loans and advances to customers	20(b)	2,794,467	2,481,753
Investment in government securities			
- Loans and receivable	21(a)	724,197	672,540
- Available for sale	21(b)	719	729
Equity investments	22(b)	1,740	1,740
Other assets	24(b)	44,383	30,005
Investment in subsidiaries	22(b)	39,639	39,639
Current tax assets	15(b)	891	2,387
Intangible assets	26	15,461	10,237
Property and equipment	25(b)	214,643	153,166
Deferred tax assets	27	27,513	22,736
Total assets		4,951,075	4,580,091
Liabilities			
Deposit due to other banks		11,176	1,600
Deposits from customers	28(b)	3,737,404	3,567,871
Other liabilities	29(b)	79,836	76,209
Provisions	30	2,648	3,229
Borrowing	31	352,803	265,753
Total liabilities		4,183,867	3,914,662
Capital and reserves			
Share capital	32	20,000	20,000
Retained earnings		708,045	620,901
Regulatory reserve	32	12,972	3,800
General risk reserve	32	26,385	20,876
Fair valuation reserve	32	(194)	(148)
Total equity		767,208	665,429
Total equity and liabilities		4,951,075	4,580,091

The financial statements on pages 78 to 159 were approved and authorised for issue by the Board of directors and were signed on its behalf by:



Prof. Joseph Semboja
Chairman
24th March 2017

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent								Non-controlling interest TZS' Millions	Total TZS' Millions	Total equity TZS' Millions
	Share capital TZS' Millions	Retained earnings TZS' Millions	Fair valuation reserve TZS' Millions	Regulatory reserve TZS' Millions	General risk reserve TZS' Millions	Other reserve TZS' Millions	Total TZS' Millions				
At 1 January 2016											
As previously stated	20,000	618,165	(148)	3,800	20,876	-			662,693	2,418	665,111
Prior year adjustment (Note 23)	-	-	-	-		(13,282)			(13,282)	-	(13,282)
As restated	20,000	618,165	(148)	3,800	20,876	(13,282)			649,411	2,418	651,829
Profit for the year	-	155,850	-	-		-			155,850	303	156,153
Transfer to regulatory reserves	-	(14,681)	-	9,172	5,509	-			-	-	-
Other comprehensive income	-	-	(46)	-		-			(46)	-	(46)
Total comprehensive income	-	141,169	(46)	9,172	5,509	-			155,804	303	156,107
Transactions with owners											
Dividends paid for the year 2015	-	(52,000)	-	-		-			(52,000)	-	(52,000)
At 31 December 2016	20,000	707,334	(194)	12,972	26,385	(13,282)			753,215	2,721	755,936

*Regulatory reserve represents the surplus of provision for credit losses over the provision for impairment of loans and advances computed in accordance with the International Financial Reporting Standard.

** General risk reserve represents 1% provision charged on all current credit accommodation and other risk assets in line with regulatory requirements of the Central Bank.

***Other reserve represents the difference between the amount by which the non-controlling interest has been adjusted and the fair value of the consideration received with respect to purchase of Ohio Street Properties Limited.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Attributable to owners of the parent							Non-controlling interest TZS' Millions	Total equity TZS' Millions
	Share capital TZS' Millions	Retained earnings TZS' Millions	Fair valuation reserve TZS' Millions	*Regulatory reserve TZS' Millions	**General risk reserve TZS' Millions	***Other reserve TZS' Millions	Total TZS' Millions		
At 1 January 2015	20,000	545,862	(68)	-	-	-	565,794	10,914	576,708
Profit/(loss) for the year	-	148,979	-	-	-	-	148,979	(166)	148,813
Transfer	-	(24,676)	-	3,800	20,876	-	-	-	-
Other comprehensive income	-	-	(80)	-	-	-	(80)	-	(80)
Acquisition of additional share-holding (restated) (Note 23)	-	-	-	-	-	(13,282)	(13,282)	(8,330)	(21,612)
Total comprehensive income	-	124,303	(80)	3,800	20,876	-	135,617	(8,496)	148,733
Transactions with owners									
Dividends paid for the year 2014	-	(52,000)	-	-	-	-	(52,000)	-	(52,000)
At 31 December 2015	20,000	618,165	(148)	3,800	20,876	(13,282)	649,411	2,418	651,829

*Regulatory reserve represents the surplus of provision for credit losses over the provision for impairment of loans and advances computed in accordance with the International Financial Reporting Standard.

** General risk reserve represents 1% provision charged on all current credit accommodation and other risk assets in line with regulatory requirements of the Central Bank.

***Other reserve represents the difference between the amount by which the non-controlling interest has been adjusted and the fair value of the consideration received with respect to purchase of Ohio Street Properties Limited.

BANK'S STATEMENT OF CHANGES IN EQUITY

	Share capital TZS' Millions	Retained earnings TZS' Millions	Fair valuation reserve TZS' Millions	*Regulatory reserve TZS' Millions	**General risk reserve TZS' Millions	Total TZS' Millions
At 1 January 2016	20,000	620,901	(148)	3,800	20,876	665,429
Comprehensive income						
Profit for the year	-	153,825	-	-	-	153,825
Transfer to regulatory reserve	-	(14,681)	-	9,172	5,509	-
Other comprehensive income	-	-	(46)	-	-	(46)
Total comprehensive income	-	139,144	(46)	9,172	5,509	153,779
Transactions with owners						
Dividends paid for the year 2015	-	(52,000)	-	-	-	(52,000)
At 31 December 2016	20,000	708,045	(194)	12,972	26,385	767,208
At 1 January 2015	20,000	547,289	(68)	-	-	567,221
Comprehensive income						
Profit for the year	-	150,288	-	-	-	150,288
Transfer to regulatory reserve	-	(24,676)	-	3,800	20,876	-
Other comprehensive income	-	-	(80)	-	-	(80)
Total comprehensive income	-	125,612	(80)	3,800	20,876	150,208
Dividends paid for the year 2014	-	(52,000)	-	-	-	(52,000)
At 31 December 2015	20,000	620,901	(148)	3,800	20,876	665,429

*Regulatory reserve represents the surplus of provision for credit losses over the provision for impairment of loans and advances computed in accordance with the International Financial Reporting Standard.

** General risk reserve represents 1% provision charged on all current credit accommodation and other risk assets in line with regulatory requirements of the Central Bank.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	2016 TZS' Millions	2015 TZS' Millions Restated
Cash generated from operations	34(a)	112,896	336,985
Tax paid	15(b)	(70,880)	(63,196)
Net cash generated from operations		42,016	273,789
Cash flows from investing activities			
Proceeds from government securities at amortised cost		519,207	750,932
Investment in government securities at amortised cost		(570,864)	(687,120)
Purchase of property and equipment	25(a)	(82,720)	(83,683)
Purchase of intangible assets	26	(9,825)	(7,241)
Proceeds on disposal of property and equipment		390	73
Net cash utilised in investing activities		(143,812)	(27,039)
Cash flows from financing activities			
Proceeds received from Borrowings		138,153	94,700
Principal paid on borrowings		(55,021)	(36,750)
Interest paid on borrowings		(13,109)	(7,595)
Dividends paid	17	(52,000)	(52,000)
Acquisition of shares in Ohio Street Properties Limited		-	(21,612)
Net cash generated from/(used in) financing activities		18,023	(23,257)
Net (decrease)/increase in cash and cash equivalents		(83,773)	223,493
Cash and cash equivalents at beginning of the year		784,965	621,998
Effect of movement in foreign exchange		(3,612)	(60,526)
Cash and cash equivalents at end of the year	33	697,580	784,965
Analysis of cash and cash equivalents at end of the year:			
Cash in hand		248,191	267,219
Balances with Bank of Tanzania (excluding SMR)		312,148	324,693
Deposits and balances due from banking institutions		137,241	193,053
		697,580	784,965

BANKS STATEMENT OF CASH FLOWS

	Note	2016 TZS' Millions	2015 TZS' Millions
Cash generated from operations	34(b)	110,926	335,949
Tax paid	15(b)	(70,880)	(63,196)
Net cash generated from operations		40,046	272,753
Cash flows from investing activities			
Proceeds from government securities at amortised cost		519,207	755,432
Investment in government securities at amortised cost		(570,864)	(691,620)
Purchase of property and equipment	25(b)	(80,749)	(83,480)
Purchase of intangible assets	26	(9,826)	(7,241)
Proceeds on disposal of property and equipment		390	73
Net cash utilised in investing activities		(141,842)	(26,836)
Cash flows from financing activities			
Proceeds from borrowings		138,153	94,700
Principal paid on borrowings		(55,021)	(36,750)
Interest paid on borrowings		(13,109)	(7,595)
Dividends paid	17	(52,000)	(52,000)
Acquisition of shares in Ohio Street Properties Limited	23(b)	-	(20,779)
Net cash generated from/(used in) financing activities		18,023	(22,424)
Net (decrease)/increase in cash and cash equivalents		(83,773)	223,493
Cash and cash equivalents at the beginning of the year		784,965	621,998
Effect of movement in foreign exchange		(3,612)	(60,526)
Cash and cash equivalents at end of the year	33	697,580	784,965
Analysis of cash and cash equivalents at end of the year:			
Cash in hand		248,191	267,219
Balances with Bank of Tanzania (excluding SMR)		312,148	324,693
Deposits and balances due from banking institutions		137,241	193,053
		697,580	784,965

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. REPORTING ENTITY

National Microfinance Bank PLC (the "Bank") is a public limited liability company and is incorporated and domiciled in the United Republic of Tanzania. The address of its registered office is as disclosed under corporate information.

The Bank is listed on the Dar es Salaam Stock Exchange (DSE). The Bank has equity investments in Tanzania Mortgage Refinance Company Limited (TMRC) and a subsidiary company named Upanga Joint Venture Company (UJVC) Limited

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The principal accounting policies applied in the preparation of these consolidated and Bank financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

Basis of preparation

The consolidated and Bank financial statements of National Microfinance Bank plc have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The consolidated and Bank financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated and Bank financial statements are disclosed in Note 4.

Changes in accounting policy and disclosures

(i) New standards, amendments and interpretations adopted by the Group and Bank

The following standards and interpretations became effective in the current year and were relevant to the group but had no material impact on the amounts reported in these financial statements.

Title	Key requirement
Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38	<p>The amendments clarify that a revenue-based method of depreciation or amortisation is generally not appropriate.</p> <p>The IASB has amended IAS 16 Property, Plant and Equipment to clarify that a revenue-based method should not be used to calculate the depreciation of items of property, plant and equipment.</p> <p>IAS 38 Intangible Assets now includes a rebuttable presumption that the amortisation of intangible assets based on revenue is inappropriate. This presumption can be overcome if either</p> <ul style="list-style-type: none"> • The intangible asset is expressed as a measure of revenue i.e. where a measure of revenue is the limiting factor on the value that can be derived from the asset), or • It can be shown that revenue and the consumption of economic benefits generated by the asset are highly correlated.
Equity method in separate financial statements – Amendments to IAS 27	<p>The IASB has made amendments to IAS 27 Separate Financial Statements which will allow entities to use the equity method in their separate financial statements to measure investments in subsidiaries, joint ventures and associates.</p> <p>IAS 27 currently allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or as a financial asset in their separate financial statements. The amendments introduce the equity method as a third option. The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively.</p>

2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

(i) *New standards, amendments and interpretations adopted by the Group and Bank (continued)*

Title	Key requirement
Annual Improvements to IFRSs 2012-2014 cycle	<p>The latest annual improvements clarify:</p> <ul style="list-style-type: none"> IFRS 7 – specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute 'continuing involvement' and, therefore, whether the asset qualifies for derecognition IFRS 7 – that the additional disclosures relating to the offsetting of financial assets and financial liabilities only need to be included in interim reports if required by IAS 34
Investment entities: Applying the consolidation exception – Amendments to IFRS 10, IFRS 12 and IAS 28	<p>Amendments made to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in associates and joint ventures clarify that:</p> <ul style="list-style-type: none"> The exception from preparing consolidated financial statements is also available to intermediate parent entities which are subsidiaries of investment entities. An investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's investment activities. Entities which are not investment entities but have an interest in an associate or joint venture which is an investment entity have a policy choice when applying the equity method of accounting. The fair value measurement applied by the investment entity associate or joint venture can either be retained, or a consolidation may be performed at the level of the associate or joint venture, which would then unwind the fair value measurement.
Disclosure Initiative - Amendments to IAS 1	<p>The amendments to IAS 1 Presentation of Financial Statements are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a number of issues, including:</p> <ul style="list-style-type: none"> Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance. Disaggregation and subtotals – line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals. Notes – confirmation that the notes do not need to be presented in a particular order. OCI arising from investments accounted for under the equity method – the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income. <p>According to the transitional provisions, the disclosures in IAS 8 regarding the adoption of new standards/accounting policies are not required for these amendments.</p>

The following standards which have become effective during the year have no impact on the Group:

- IFRS 14 – Deferred regulatory accounts
- Amendments to IFRS 11 – Accounting for acquisition of interest in joint operations
- Amendments to IAS 16 and IAS 41 – agriculture bearer plant
- Amendments to IFRS 10, IFRS 11 and IAS 28 – Investment entities – applying the consolidation exception
- Annual improvements to IFRS 2012 – 2014 –
- IFRS 5 – reclassification on held for sale to held for distribution
- IAS 34 – clarification on information disclosed elsewhere in the interim financial report.

2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

(ii) *New standards and interpretations that are not yet effective and have not been early adopted*

Title	Key requirements	Effective Date
IFRS 9 Financial Instruments and associated amendments to various other standards	<p>IFRS 9 replaces the multiple classification and measurement models in IAS 39 Financial instruments: Recognition and measurement with a single model that has initially only two classification categories: amortised cost and fair value.</p> <p>Classification of debt assets will be driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument solely represent payments of principal and interest.</p> <p>All other debt and equity instruments, including investments in complex debt instruments and equity investments, must be recognised at fair value.</p> <p>All fair value movements on financial assets are taken through the statement of profit or loss, except for equity investments that are not held for trading, which may be recorded in the statement of profit or loss or in reserves (without subsequent recycling to profit or loss).</p> <p>For financial liabilities that are measured under the fair value option entities will need to recognise the part of the fair value change that is due to changes in the their own credit risk in other comprehensive income rather than profit or loss.</p> <p>The new hedge accounting rules (released in December 2013) align hedge accounting more closely with common risk management practices. As a general rule, it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.</p> <p>In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. With these amendments, IFRS 9 is now complete. The changes introduce:</p> <ul style="list-style-type: none"> • A third measurement category (FVOCI) for certain financial assets that are debt instruments. • A new expected credit loss (ECL) model which involves a three-stage approach whereby financial assets move through the three stages as their credit quality changes. The stage dictates how an entity measures impairment losses and applies the effective interest rate method. A simplified approach is permitted for financial assets that do not have a significant financing component (eg trade receivables). On initial recognition, entities will record a day-1 loss equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired. <p>For financial years commencing before 1 February 2015, entities could elect to apply IFRS 9 early for any of the following:</p> <ul style="list-style-type: none"> • The own credit risk requirements for financial liabilities • Classification and measurement (C&M) requirements for financial assets • C&M requirements for financial assets and financial liabilities, or • C&M requirements for financial assets and liabilities and hedge accounting. <p>After 1 February 2015, the new rules must be adopted in their entirety.</p> <p>The Group has started implementation of IFRS 9 in phases namely: review and assessment, detailed analysis and design, implementation and parallel run. Currently, the Group is at review and assessment phase and is expected to complete implementation of IFRS 9 in December 2017.</p>	1 January 2018

2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

(ii) *New standards and interpretations that are not yet effective and have not been early adopted (continued)*

Standard or amendments	Key requirements	Effective Date
IFRS 15 Revenue from contracts with customers and associated amendments to various other standards	<p>The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.</p> <p>The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.</p> <p>A new five-step process must be applied before revenue can be recognised:</p> <ul style="list-style-type: none"> • Identify contracts with customers • Identify the separate performance obligation • Determine the transaction price of the contract • Allocate the transaction price to each of the separate performance obligations, and • Recognise the revenue as each performance obligation is satisfied. <p>Key changes to current practice are:</p> <ul style="list-style-type: none"> • Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. • Revenue may be recognised earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc.) – minimum amounts must be recognised if they are not at significant risk of reversal. <p>The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.</p>	1 January 2018

2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

(ii) *New standards and interpretations that are not yet effective and have not been early adopted (continued)*

Standard or amendments	Key requirements	Effective Date
IFRS 15 Revenue from contracts with customers and associated amendments to various other standards (continued)	<ul style="list-style-type: none"> • There are new specific rules on licenses, warranties, non-refundable upfront fees and, consignment arrangements, to name a few. • As with any new standard, there are also increased disclosures. <p>These accounting changes may have flow-on effects on the entity's business practices regarding systems, processes and controls, compensation and bonus plans, contracts, tax planning and investor communications.</p> <p>Entities will have a choice of full retrospective application, or prospective application with additional disclosures.</p>	1 January 2018
IFRS 16 Leases	<p>IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on the statement of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.</p> <p>The statement of profit or loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change.</p> <p>Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows.</p> <p>The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.</p>	<p>1 January 2019</p> <p>Early adoption is permitted only if IFRS 15 is adopted at the same time.</p>

2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

(ii) New standards and interpretations that are not yet effective and have not been early adopted (continued)

Standard or amendments	Key requirements	Effective Date
Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12	<p>Amendments made to IAS 12 in January 2016 clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:</p> <ul style="list-style-type: none"> A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period. An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit. Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type. Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profit that is used to evaluate the recoverability of those assets. 	1 January 2017
Disclosure Initiative – Amendments to IAS 7	<p>Going forward, entities will be required to explain changes in their liabilities arising from financing activities. This includes changes arising from cash flows (e.g. drawdowns and repayments of borrowings) and non-cash changes such as acquisitions, disposals, accretion of interest and unrealised exchange differences.</p> <p>Changes in financial assets must be included in this disclosure if the cash flows were, or will be, included in cash flows from financing activities. This could be the case, for example, for assets that hedge liabilities arising from financing liabilities.</p>	1 January 2017
	<p>Entities may include changes in other items as part of this disclosure, for example by providing a 'net debt' reconciliation. However, in this case the changes in the other items must be disclosed separately from the changes in liabilities arising from financing activities.</p> <p>The information may be disclosed in tabular format as a reconciliation from opening and closing balances, but a specific format is not mandated</p>	1 January 2017
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	<p>The IASB has made limited scope amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures.</p> <p>The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations).</p> <p>Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's investments in the associate or joint venture. The amendments apply prospectively.</p> <p>** In December the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.</p>	n/a**

2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

- (ii) *New standards and interpretations that are not yet effective and have not been early adopted (continued)*

The Group and Bank is currently assessing the impact of the new standards and amendments on the disclosures in its financial statements. There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

(b) Principles of consolidation and equity accounting

The consolidated financial statements incorporate the financial statements of the Bank and entities controlled by the Bank (its subsidiaries). The financial statements of the Bank and its subsidiaries are made up to 31 December 2016.

I. Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position, respectively.

II. *Changes in ownership interests in subsidiaries without change of control*

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Principles of consolidation and equity accounting (continued)

III. Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

IV. Separate financial statements

In the separate financial statements, investment in subsidiary is accounted for at cost less impairment.

(c) Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' or 'interest expense' in the profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a Group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the effective interest rate.

(d) Fee and commission income and expense

Fees integral to the effective interest rate include origination fees received or paid by the entity relating to the creation or acquisition of a financial asset or issuance of a financial liability, for example fees for evaluating creditworthiness, evaluating and recording guarantees or collateral, negotiating the terms of the instrument and for processing transaction documents. Commitment fees received by the Group to originate loans at market interest rates are integral to the effective interest rate if it is probable that the Group will enter into a specific lending arrangement and does not expect to sell the resulting loan shortly after origination. The Group does not designate loan commitments as financial liabilities at fair value through profit or loss.

Fees and commission are generally recognised on an accrual basis when the service has been provided. Commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan. Loan syndication fees are recognised as revenue when the syndication has been completed and the Bank has retained no part of the loan package for itself or has retained a part at the same effective interest rate as the other participants. Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party - such as the arrangement of the acquisition of shares or other securities, or the purchase or sale of businesses - are recognised on completion of the underlying transaction.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements in the Group and the Bank are measured using the currency of the primary economic environment in which the Group and the Bank operate ("the functional currency"). The financial statements are presented in Tanzania Shillings (TZS) rounded to the nearest million, which is the Group's and the Bank's functional and presentation currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Foreign currency translation (continued)*(ii) Transactions and balances*

Foreign currency transactions are translated into Tanzania Shillings using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currency are translated with the closing rate as at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

(f) Financial assets

The Group and Bank classifies its financial assets into the following categories: loans and receivables and available for sale financial assets. Management determines the appropriate classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- (a) Those that the Group intends to sell immediately or in the short term, which are classified as held for trading, and those that the Group upon initial recognition designates as at fair value through profit or loss;
- (b) Those that the Group upon initial recognition designates as available for sale; or
- (c) Those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are initially recognised at fair value - which is the cash consideration to originate or purchase the loan including any transaction costs - and measured subsequently at amortised cost using the effective interest method.

Financial assets categorized as loan and receivable includes as cash and balances with Bank of Tanzania, loans and advances to customers, placement and balances with other banks, investment in government securities and other assets.

Interest on loans is included in the profit or loss and is reported as 'Interest and similar income'. In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the loan through an allowance account and recognised in the profit or loss as 'loan impairment charges'.

(ii) Available for sale

Available-for-sale financial assets are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are initially recognised at fair value, which is the cash consideration including any transaction costs, and measured subsequently at fair value with gains and losses being recognised in the statement of other comprehensive income and cumulated in a separate reserve in equity, revaluation reserve, until the financial asset is derecognised. However, interest is calculated using the effective interest method, and foreign currency gains and losses on monetary assets classified as available-for-sale are recognised in profit or loss. Financial assets designated as available for sale include investment in government securities and equity investments.

(g) Recognition of financial assets

The Group uses trade date accounting for regular way contracts when recording financial asset transactions. Trade date is the date the group commits to purchase the asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial liabilities

Financial liabilities are initially recognised at fair value and subsequently measured at amortised cost. Financial liabilities are derecognised when extinguished. Such financial liabilities includes borrowings, deposits from banks, deposits from customers and other liabilities.

(i) Derecognition of financial assets and liabilities

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have been transferred, the Bank tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition).

Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

(j) Classes of financial instruments

The Group classifies the financial instruments into classes that reflect the nature of information and take into account the characteristics of those financial instruments. The classification made can be seen on the table below:

Item on statement of financial position	Class
Financial assets	
Placement and balances with other banks	Loans and receivables
Loans and advances to customers	Loans and receivables
Investment in government securities	
- Loan and receivables	Loans and receivables
- Available for sale	Available for sale
Other assets	Loans and receivables
Equity investments	Available for sale
Financial liabilities	
Deposits from banks	Financial liabilities at amortised cost
Deposits from customers	Financial liabilities at amortised cost
Other liabilities	Financial liabilities at amortised cost
Borrowings	Financial liabilities at amortised cost

(k) Impairment of financial assets

(i) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a Group of financial assets is impaired. A financial asset or a Group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficult of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payment;
- Cash flow difficulties experienced by the borrower;
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;
- Deterioration of the borrower's competitive position; and
- Deterioration in the value of collateral.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Impairment of financial assets (continued)

(i) Assets carried at amortised cost (continued)

The estimated period between a loss occurring and its identification is determined by management for each identified portfolio. In general, the periods used vary between three months and twelve months; in exceptional cases, longer periods are warranted.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a Group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss.

When a loan is uncollectible, it is written off against the related provision for loan impairment such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is revised by adjusting the allowance account. The amount of the reversal is recognised in the profit or loss under impairment charge for credit losses.

(ii) Assets classified as available-for-sale

The Group assesses at each end of reporting period whether there is objective evidence that a financial asset or a Group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment resulting in the recognition of an impairment loss. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the profit or loss. Impairment losses recognised in the profit or loss on equity instruments are not reversed through the profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the profit or loss.

(iii) Renegotiated loans

When the terms of an impaired financial asset held at amortised cost are renegotiated or otherwise modified because of financial difficulties of the borrower or issuer, impairment is measured using the original effective interest rate before the modification of terms. The renegotiated asset is then derecognized and a new asset is recognized at its fair value only if the risks and rewards of the asset substantially changed. This is normally evidenced by a substantial difference between the present values of the original cash flows and the new expected cash flows.

(l) Offsetting financial instruments

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

(m) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised costs; the difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Borrowings (continued)

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

(n) Income tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate in accordance with the Income Tax Act, 2004 adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in Tanzania where the Bank's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with the Income Tax Act, 2004 is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(o) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(p) Non-financial assets

(I) Property and equipment

Property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Non-financial assets (continued)*(I) Property and equipment (continued)*

attributable to the acquisition of the items. Subsequent expenditures are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is provided on the straight line basis so as to write down the cost of assets to their residual values over their useful economic lives, at the following rates:-

	%
Building	5
Leasehold Improvements	5-50
Motor vehicles	25
Furniture, fittings and equipment	20
Computer equipment	33.3

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the assets fair value less costs to sell and value in use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in other operating income in the profit or loss.

(II) Intangible assets

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to five years). Costs associated with maintaining computer software programs are recognised as an expense when incurred.

(III) Goodwill

Goodwill is arising from acquisitions of subsidiaries. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments

(q) Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably.

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Impairment of non-financial assets (continued)

not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. No non-financial assets were impaired in 2016.

(r) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, including: cash and non-restricted balances with Bank of Tanzania, Investment securities and amounts due from other banks. Cash and cash equivalents excludes the cash reserve requirement held with the Bank of Tanzania. Cash and cash equivalents are carried at amortised cost.

(s) Employee benefits*(i) Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

(ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

(iii) Post-employment obligations

The Bank and Subsidiaries operates defined contribution pension plans. The Bank and Subsidiaries has a statutory requirement to contribute to the Parastatal Pension Fund (PPF) and National Social Security Fund (NSSF), which are defined contribution scheme.

The Bank and Subsidiaries contributes 15% of the required 20% of gross emoluments to the scheme and the contributions are recognised as an expense in the period to which they relate. The remaining 5% is deducted from employees. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(t) Share capital

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity. Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

(u) Dividend

Dividend distribution to the Bank's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Bank's shareholders.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Earnings per share

The Group presents basic and diluted earnings per share (EPS) in the consolidated and Bank financial statements. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of shares outstanding for the effects of all dilutive potential ordinary shares.

(w) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

Leases of property, plant and equipment where the Group has substantially, all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other longterm payables.

The interest element of the finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

(x) Contingencies and commitments

Transactions are classified as contingencies where the Bank and its subsidiary obligations depend on uncertain future events. Items are classified as commitments where the Bank and its subsidiaries commit themselves to future transactions if the items will result in the acquisition of assets.

Financial guarantees

Financial guarantees are initially recognised in the consolidated and Bank financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at the time of signature is zero because all guarantees are agreed on arm's length terms and the value of the premium agreed corresponds to the value of the guarantee obligation.

Acceptances and letters of credit

Acceptances and letters of credit are accounted for as off balance sheet transactions and disclosed as contingent liabilities.

Undrawn commitments

These are commitments the Bank has made to extend credit to customers and are accounted for as off balance sheet transactions and disclosed as contingent liabilities.

(y) Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

4 CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of Consolidated and Bank financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next period. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Impairment losses on loans and advances

The Group reviews its loan portfolios to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the profit or loss, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers, or national or local economic conditions that correlate with defaults on assets. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. The most sensitive assumption in the impairment model is credit loss ratio, when credit loss ratio decrease/increase by 10% impairment provision will decrease/increase by 483 million (2015: 467 million)

(b) Property and equipment, leased premises refurbishments and intangible assets

Critical estimates are made by the Directors in determining the useful lives of property and equipment, leased premises refurbishment and intangible assets as well as their residual values.

(c) Taxes

The Group is subjected to several taxes and levies by various government and quasi- government regulatory bodies. As a rule of thumb, the Group recognizes liabilities for the anticipated tax /levies payable with utmost care and diligence. However, significant judgment is usually required in the interpretation and applicability of those taxes /levies. Should it come to the attention of management, in one way or the other, that the initially recorded liability was erroneous, such differences will impact on the income and liabilities in the period in which such differences are determined.

The recognition of deferred tax asset relies on an assessment of the probability and sufficiency of future taxable profit, future reversals of existing taxable temporary differences and ongoing tax planning and strategies. The deferred tax recognised in the Group's statement of financial position as at 31 December 2016 was TZS 27,513 million (2015: TZS 22,736 million). The judgment takes into consideration the effect of both positive and negative evidence, including historical financial performance, projections of future taxable income and future reversals of existing taxable temporary differences.

d) Provisions

The Bank and Group have provided for the liabilities arising out of contractual obligations. The closing balance of provisions on litigations amounted to TZS 2,648 million (2015: TZS 3,229 million). Professional expert advice is taken on establishing litigation provisions. Provisions for legal proceedings and regulatory matters typically require a higher degree of judgements than other types of provisions. When cases are at an early stage, accounting judgements can be difficult because of the high degree of uncertainty associated with determining whether a present obligation exists as a result of a past event, estimating the probability of outflows and making estimates of the amount of any outflows that may arise. As matters progress through various stages of the cases, Management together with legal advisers evaluate on an ongoing basis whether provisions should be recognised, and the estimated amounts of any such provisions, revising previous judgements and estimates as appropriate.

5 SEGMENT REPORTING

The Group has the following business segments: Treasury, Retail, Agribusiness, Wholesale banking and other. The operating segments are reported in a manner consistent with the internal reporting provided to the Bank's Management Team (The Chief Operating Decision-Maker), which is responsible for allocating resources to the reportable segments and assessing their performances. All operating segments used by the Group meet the definition of a reportable segment under IFRS 8.

Operating segments

The Group comprises the following main operating segments:

- (i) **Wholesale Banking** - includes loans, deposits and other transactions and balances with corporate customers
- (ii) **Retail Banking** - includes loans, deposits and other transactions and balances with retail customers
- (iii) **Agribusiness** – includes loans, deposits and other transaction and balances with customers in the agriculture business
- (iv) **Treasury** - undertakes the Group's funding and centralised risk management activities through borrowings, issues of debt securities, use of derivatives for risk management purposes and investing in liquid assets such as short-term placements and corporate and government debt securities.
- (v) **Other** – includes operations of Upanga Joint Venture Company, a subsidiary of the Bank

Revenue and assets reported to the Bank's management team are measured in a manner consistent with that of the financial statements.

In arriving to segmented net interest income, an internal allocation of interest income and interest expenses between businesses has been done to recognise and measure how much each source of funding and each user of funding is contributing to overall profitability of the Bank. Operating expenses for the Bank has also been allocated to the business using an internal agreed allocation ratio.

All customers are based in Tanzania, except for interbank placements with corresponding banks. There was no income deriving from transactions with a single external customer that amounted to 10% or more of the Group's total income.

5 SEGMENT REPORTING (CONTINUED)

The segment information provided to the Bank's Management Team for the reportable segments for the year ended 31 December 2016 is as follows (all amounts in TZS million):

2016	Treasury	Wholesale banking	Retail banking	Agribusiness	Other	(Eliminations)/ consolidation	Total
Interest income	109,853	82,644	351,027	7,510	-	(2,041)	548,993
Interest expense	(9,384)	(61,170)	(31,598)	(42)	-	-	(102,194)
Net Interest Income	100,469	21,474	319,429	7,468		(2,041)	446,799
Loan impairment charges	-	(2,181)	(24,365)	(3,694)	-	-	(30,240)
Net fees and commission, Foreign exchange and other income	15,134	14,260	120,432	1,514	5,858	(5,858)	151,340
Employee benefits expense	(13,493)	(26,987)	(91,166)	(17,045)	-	-	(148,691)
General and administrative expenses	(17,413)	(34,826)	(101,720)	(21,996)	(2,545)	7,899	(170,601)
Depreciation and amortization	(2,267)	(4,535)	(14,203)	(2,865)	(985)	-	(24,855)
Profit before tax	82,430	(32,795)	208,407	(36,618)	2,328	-	223,752
Income tax provision	(25,607)	10,884	(64,106)	11,230	-	-	(67,599)
Profit after tax	56,823	(21,911)	144,301	(25,388)	2,328	-	156,153
Segment assets, liabilities and equity							
Total assets	2,132,546	603,117	2,156,913	62,702	48,770	(61,564)	4,942,484
Total liabilities and equity	1,274,293	1,599,045	1,975,674	106,266	48,770	(61,564)	4,942,484

5 SEGMENT REPORTING (CONTINUED)

The segment information provided to the Bank's Management Team for the reportable segments for the year ended 31 December 2015 is as follows (all amounts in TZS million):

2015	Treasury	Wholesale bank- ing	Retail banking	Agribusiness	Other	(Eliminations)/ consolidation	Total
Interest income	99,815	66,724	266,556	5,618	-	(1,994)	436,719
Interest expense	(1,261)	(43,516)	(23,698)	(54)	-	-	(68,529)
Net Interest Income	98,554	23,208	242,858	5,564	-	(1,994)	368,190
Loan impairment charges	-	1,081	(11,950)	(2,140)	-	-	(13,009)
Net fees and com- mission, Foreign exchange and other income	26,430	10,654	120,593	1,844	819	(5,267)	155,073
Employee benefits expense	(12,412)	(24,823)	(77,736)	(15,678)	-	-	(130,649)
General and administrative expenses	(14,376)	(28,750)	(90,047)	(18,160)	(2,299)	7,261	(146,371)
Depreciation and amortization	(1,651)	(3,302)	(10,342)	(2,086)	-	-	(17,381)
Operating profit	96,545	(21,932)	173,376	(30,656)	(1,480)	-	215,853
Income tax provi- sion	(29,781)	7,765	(54,475)	9,451	-	-	(67,040)
Profit after tax	66,764	(14,167)	118,901	(21,205)	(1,480)	-	148,813
Segment assets, liabilities and equity							
Total assets	2,088,661	583,374	1,867,160	40,896	50,911	(67,771)	4,563,231
Total liabilities and equity	1,457,349	1,208,585	1,876,077	38,080	50,911	(67,771)	4,563,231

6. FINANCIAL RISK MANAGEMENT

The Bank's subsidiaries do not have significant operations (Note 22 (b)). Their financial assets and liabilities mainly consist of loans from related parties that are eliminated on consolidation and other assets and liabilities that are not material to the Group. Consequently, the financial risk management information presented below relates only to the Bank.

The Bank's business involves taking on risks in a targeted manner and managing them professionally. The core functions of the Bank's risk management are to identify all key risks for the Bank, measure these risks, manage the risk positions and determine capital allocations. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice. The Bank's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Bank's financial performance.

Risk management is carried out by the Risk Department under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as credit risk, market risk (foreign exchange risk, interest risk and price risk) and liquidity risk. In addition, internal audit is responsible for the independent review of risk management and the control environment.

6.1 Credit risk

The Bank takes on exposure to credit risk, which is the risk that counterparty will cause a financial loss to the Bank by failing to discharge an obligation. Credit risk is the most important risk for the Bank's business. Management therefore, carefully manages its exposure to credit risk. Credit exposures arise principally in lending activities that lead to loans and advances, and investment activities that bring debt securities and other bills into the Bank's asset portfolio. There is also credit risk in off-balance sheet financial instruments, such as loan commitments. The credit risk management and control are centralised in the credit risk management team of the Bank and reported to the Board of Directors and heads of department regularly.

Loans and advances

In measuring credit risk of loans and advances to customers and banks at a counterparty level, the Bank uses loan classification based on internal monitoring rating. The loan book is split into Retail and Corporate. For retail, loans above 180 days in arrears are fully provided. For Corporate book in arrear for more than 90 days, management establish the likely future cash flow from either sale of collateral or repayment for impairment.

These credit risk measurements are therefore embedded in the Bank's daily operational management. The operational measurements are contrasted with impairment allowances required under IAS 39, which are based on losses that have been incurred at the end of reporting period (the 'incurred loss model') rather than expected losses.

Exposure at default is based on the amounts the Bank expects to be owed at the time of default. For example, for a loan this is the face value. For a commitment, the Bank includes any amount already drawn plus the further amount that may have been drawn by the time of default, should it occur.

For regulatory purposes and for internal monitoring of the quality of the loan portfolio, all customers are segmented into five rating classes as shown below:

Bank's rating	Number of days past due	
	Micro loans	Other loans
Current	0	0 - 30
Especially mentioned	1 - 30	31 - 90
Sub-standard	31 - 60	91 - 180
Doubtful	61 - 90	181 - 360
Loss	91 or more	361 and more

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.2 Risk limit control and mitigation policies

(a) Lending limits

The Bank manages limits and controls concentrations of credit risk wherever they are identified, in particular, to individual counterparties and groups, and to industries. The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary.

The exposure to any one borrower including Banks is further restricted by sub-limits covering on and off-balance sheet exposures. Actual exposures against limits are monitored daily. Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

(b) Collateral

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties;
- Charges over business assets such as inventory and accounts receivable and
- Charges over financial instruments such as debt securities and equities.

Corporate loans, Overdraft, SME loans, Agriculture loans and MSE loans are generally secured while Salaried Workers loans are unsecured.

(c) Credit-related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit - which are written undertakings by the Bank on behalf of a customer authorising a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions - are collateralised by the underlying shipments of goods to which they relate.

Undrawn commitments represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on undrawn commitments, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most undrawn commitments are contingent upon customers maintaining specific credit standards. The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

6.1.3 Impairment and provisioning policies

Impairment provisions are recognised for financial reporting purposes only for losses that have been incurred at end of reporting period based on objective evidence of impairment.

The impairment provision shown in the statement of financial position at year end is calculated on the basis of the requirements of IAS 39 and is made up of the following: (All amounts in TZS Millions).

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.3 Impairment and provisioning policies (continued)

	31 December 2016		31 December 2015	
	Loans and advances to customers	Impairment provision	Loans and advances to customers	Impairment provision
Salaried workers loans	1,697,667	20,863	1,462,425	11,602
Micro and Small Enterprises (MSE)	304,828	4,912	188,672	3,106
Corporate customers	581,464	8,630	664,795	6,449
Small and Medium size Enterprises (SME)	187,042	3,077	176,489	2,678
Agribusiness loans	62,736	15,098	13,900	12,296
Other consumer loans	13,477	167	11,696	93
	2,847,214	52,747	2,517,977	36,224

In assessing the level of impairment, management determines whether objective evidence of impairment exists under IAS 39, based on the criteria detailed in Note 3 [k (i)].

The Bank's policy requires the review of individual financial assets at least annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at financial position date on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account, this is done for corporate loans and small and medium enterprises (SME) whose outstanding balances are above TZS 100 million.

Other loan categories i.e. consumer loans and micro and small enterprises loans are being 100% provided for when such loans are more than 180 days in arrears.

In addition, the Bank makes portfolio impairment based on the loss ratios determined from historical trends.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.4 Loans and advances

Loans and advances to customers

Loans and advances are summarised as follows:

	Note	2016 TZS Millions	2015 TZS Millions
Neither past due nor impaired	6.1.5(a)	2,591,033	2,374,688
Past due but not impaired	6.1.5(b)	119,623	91,588
Individually impaired	6.1.5(c)	136,558	51,701
Gross		2,847,214	2,517,977
Less: allowance for impairment		(52,747)	(36,224)
Net		2,794,467	2,481,753
Portfolio allowance		(26,871)	(17,176)
Individually impaired		(25,876)	(19,048)
		(52,747)	(36,224)

The total impairment provision for loans and advances is TZS 52,747 million (2015: TZS 36,224 million). This amount represents both the individually impaired loans and portfolio impairment provision. Further analysis of the impairment provision for loans and advances to customers is provided in Note 20.

During the year ended 31 December 2016, the Bank's total loans and advances increased by 13.1% (2015: 23%) as a result of the expansion of the lending business. When entering into new markets or new industries, in order to minimize the potential increase of credit risk exposure, the Bank focused more on the business with large corporate enterprises, quality SMEs and Salaried Workers Loans.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.4 Loans and advances (continued)

Loans and advances to customers (continued)

(a) Loans and advances neither past due nor impaired

The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Bank.

Loans and advances that were neither past due nor impaired can be analysed as follows:

	Retail customers			Corporate customers			Total
	MSEs	SWL	Other consumer loans	Large corporate customers	SMEs	Agribusiness	
	TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions
31 December 2016							
New customers	286,015	450,383	25	83,778	117,608	2,321	940,130
Existing customers							
- With no history of default	325	1,178,656	-	155,116	19,350	3,370	1,356,817
- With history of default	3,414	36,142	3,268	187,465	18,942	15,276	264,507
Restructured loans	-	-	553	14,432	2,094	12,500	29,579
Total	289,754	1,665,181	3,846	440,791	157,994	33,467	2,591,033
31 December 2015							
New customers	139,542	356,13	3,597	6,625	89,991	6,289	602,181
- With no history of default	41,091	920,300	9,296	380,086	41,523	18,566	1,410,862
- With history of default	4,933	65,371	660	212,905	55,068	7,152	346,089
Restructured loans	-	547	6	5,231	1,129	9,196	15,556
Total	185,566	1,342,355	13,559	604,847	187,711	41,203	2,374,688

82% (2015: 94.3%) of the loans and advances that were neither past due nor impaired fall under top grade of the internal rating system, known as "Current" and "Especially mentioned".

Placement and balances with other banks include bank balances and placements with both local and international banks. The local banks are subsidiaries of highly rated global banks. All international banks are also highly rated banks.

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.4 Loans and advances (continued)

(b) Loans and advances past due but not impaired

Late processing and other administrative delays on the side of the borrower can lead to a financial asset being past due but not impaired. Therefore, loans and advances less than 181 days past due are not usually considered impaired (in some cases over 270 days if the loan is cash guaranteed) this is especially the case for consumer loans, unless other information is available to indicate the contrary.

Gross amount of loans and advances by class to customers that were past due but not impaired were as follow:

Past due days	Up to 30 days TZS Millions	30 - 60 days TZS Millions	60 - 90 days TZS Millions	90 - 180 days TZS Millions	Total TZS Millions
31 December 2016					
MSEs	2,201	2,986	1,895	3,548	10,630
Corporate customers	54,303	2,532	1,140	1,137	59,112
SMEs	17,814	1,570	296	1,382	21,062
Agribusiness loans	1,100	1,761	-	505	3,366
Salaried workers loans	5,536	3,702	2,652	5,225	17,115
Other consumer loans	3,772	2,321	758	1,487	8,338
Total	84,726	14,872	6,741	13,284	119,623
31 December 2015					
MSEs	6,599	1,327	1,040	1,979	10,945
Corporate customers	18,259	1,507	-	-	19,766
SMEs	3,970	1,255	813	1,434	7,472
Agribusiness loans	43	-	811	-	854
Salaried workers loans	22,060	10,777	5,474	8,168	46,479
Other consumer loans	3,775	1,017	440	840	6,072
Total	54,706	15,883	8,578	12,421	91,588

Upon initial recognition of loans and advances, the fair value of collateral, if any, is based on valuation techniques commonly used for the corresponding assets. In subsequent periods, the fair value is updated by reference to market price or a valuation by professional valuers.

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.4 Loans and advances (continued)

(c) Loans and advances impaired

The amount of total impaired loans and advances as at 31 December 2016 was TZS 101,719 million (2015: TZS 51,701 million).

The breakdown of the gross amount of impaired loans and advances by class is as follows:

	2016 TZS Millions	2015 TZS Millions
SMEs	7,986	3,589
Corporate customers	81,561	13,718
MSEs	4,444	2,788
Salaried workers loans	15,303	6,862
Agribusiness loans	25,903	23,315
Other consumer loans	1,361	1,429
	136,558	51,701

Amounts due from banks

The total gross amount of impaired amounts due from banks as at 31 December 2016 was nil (2015: Nil). No collateral is held by the Bank and no impairment provision has been provided against the gross amount.

6.1.5 Debt securities, treasury bills and other eligible bills

The only investment securities held by the Bank are Treasury Bills and Treasury bonds issued by the Government. At the end of reporting period, these investments were neither past due nor impaired. There are no credit ratings for these investments.

6.1.6 Balances with bank of Tanzania and other assets

Other assets and balances with Bank of Tanzania are neither past due nor impaired.

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

6.1.7 Repossessed collateral

During the year, the Bank did not obtain assets by taking possession of collateral held as security. Repossessed properties are usually sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness.

6.1.8 Concentration of risks of financial assets with credit risk exposure

Geographical sectors

The following table breaks down the Bank's main credit exposure at their carrying amounts, as categorised by geographical region as of 31 December 2016. For this table, the Bank has allocated exposures to regions based on the country of domicile of its counterparties.

Credit risk exposures relating to on-balance sheet assets are as follows:	Tanzania TZS Millions	Europe TZS Millions	America TZS Millions	Others TZS Millions	Total TZS Millions
31 December 2016					
Balances with the Bank of Tanzania (excluding cash in hand)	701,990	-	-	-	701,990
Placement and balances with other banks	63,530	8,475	65,007	229	137,241
Investment in Government securities					
- Loans and receivable	724,197	-	-	-	724,197
- Available for sale	719	-	-	-	719
Loans and advances to customers:					
Loans to individuals:					
- MSEs	299,916	-	-	-	299,916
- Other consumer loans	13,310	-	-	-	13,310
- Salaried workers loans	1,676,804	-	-	-	1,676,804
Loans to corporate entities:					
- Corporate customers	572,834	-	-	-	572,834
- SMEs	183,965	-	-	-	183,965
- Agribusiness loans	47,638	-	-	-	47,638
Other assets (excluding prepayments)	24,269	-	-	-	24,269
As at 31 December 2016	4,309,172	8,475	65,007	229	4,382,883
Credit risk exposures relating to off-balance sheet assets are as follows:					
Guarantees and indemnities (Note 36(a))	17,275	-	-	-	17,275
Undrawn commitments (Note 36(a))	85,458	-	-	-	85,458
Acceptances and letters of credit (Note 36(a))	272,311	-	-	-	272,311
As at 31 December 2016	375,044	-	-	-	375,044

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.9 Concentration of risks of financial assets with credit risk exposure (continued)

Geographical sectors (continued)

Credit risk exposures relating to on-balance sheet assets are as follows:	Tanzania TZS Millions	Europe TZS Millions	America TZS Millions	Others TZS Millions	Total TZS Millions
31 December 2015					
Balances with the Bank of Tanzania	704,887	-	-	-	704,887
Placement and balances with other banks	74,968	66,451	51,308	326	193,053
Investment in Government securities					
- Loans and receivable	672,540	-	-	-	672,540
- Available for sale	729	-	-	-	729
Loans and advances to customers:					
Loans to individuals:					
- MSEs	182,460	-	-	-	182,460
- Other consumer loans	128,724	-	-	-	128,724
- Salaried workers loans	1,344,330	-	-	-	1,344,330
Loans to corporate entities:					
- Corporate customers	639,602	-	-	-	639,602
- SMEs	185,033	-	-	-	185,033
- Agribusiness loans	1,604	-	-	-	1,604
Other assets (excluding prepayments)	14,272	-	-	-	14,272
As at 31 December 2015	3,949,149	66,451	51,308	326	4,067,234
Credit risk exposures relating to off-balance sheet assets are as follows:					
Guarantees and indemnities (Note 36(a))	11,273	-	-	-	11,273
Undrawn commitments (Note 36(a))	67,566	-	-	-	67,566
Acceptances and letters of credit (Note 36(a))	158,799	-	-	-	158,799
As at 31 December 2015	237,638	-	-	-	237,638

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.9 Concentration of risks of financial assets with credit risk exposure (continued)

(b) Industry sectors

The following table breaks down the Bank's main credit exposure at their carrying amounts, as categorized by the industry sectors of its counterparties. (Amounts are in TZS' Millions)

31 December 2016	Financial institutions	Manufacturing	Trading and commercial	Transport and communication	Wholesale and retail	Agriculture	Individuals	Others	Total
Balances with the Bank of Tanzania	701,990	-	-	-	-	-	-	-	701,990
Placement and balances with other banks	137,241	-	-	-	-	-	-	-	137,241
Investment in Government securities									
- Loans and receivable	724,197	-	-	-	-	-	-	-	724,197
- Available for sale	719	-	-	-	-	-	-	-	719
Loans and advances to customers:									
Loans to individuals:									
- MSE	74	3,513	133,205	1,211	70,638	14,466	24,277	52,532	299,916
- Salaries workers loans	88,360	-	-	-	-	-	1,572,130	16,314	1,676,804
-Other consumer loans	-	-	-	-	-	-	13,310	-	13,310
Loans to corporate entities:									
- Corporate customers	215,636	93,061	29,099	84,294	20,213	34,442	32,972	63,117	572,834
- SMEs	-	6,429	64,310	4,456	9,844	39,295	47,308	12,323	183,965
- Agribusiness	-	-	-	-	-	26,446	1,290	19,902	47,638
Other assets (excluding pre-payments)	24,269	-	-	-	-	-	-	-	24,269
As at 31 December 2016	1,892,486	103,003	226,614	89,961	100,695	114,649	1,691,287	164,188	4,382,883

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.9 Concentration of risks of financial assets with credit risk exposure (continued)

(b) Industry sectors (continued)

31 December 2016	Financial institutions	Manufacturing	Trading and commercial	Transport and communication	Wholesale and retail	Agriculture	Individuals	Others	Total
Credit risk exposures relating to off-balance sheet assets are as follows:									
Guarantees and indemnities (Note 36(a))	-	11,452	-	3,882	-	-	-	1,941	17,275
Undrawn commitments (Note 36(a))	-	-	43,073	-	42,374	-	-	11	85,458
Acceptances and letters of credit (Note 36(a))	-	91,214	120,340	2,276	51,653	6,828	-	-	272,311
As at 31 December 2016	-	102,666	163,413	6,158	94,027	6,828	-	1,952	375,044

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.9 Concentration of risks of financial assets with credit risk exposure (continued)

(b) Industry sectors (continued)

The following table breaks down the Bank's main credit exposure at their carrying amounts, as categorized by the industry sectors of its counterparties. (Amounts are in TZS' Millions)

31 December 2015	Financial institutions	Manufacturing	Trading and commercial	Transport and communication	Wholesale and retail	Agriculture	Individuals	Others	Total
Balances with the Bank of Tanzania	704,887	-	-	-	-	-	-	-	704,887
Placement and balances with other banks	193,053	-	-	-	-	-	-	-	193,053
Investment in Government securities									
- Loans and receivable	672,540	-	-	-	-	-	-	-	672,540
- Available for sale	729	-	-	-	-	-	-	-	729
Loans and advances to customers:									
Loans to individuals:									
- MSE	30	1,216	473	823	167,099	1,126	-	14,800	185,567
- Salaries workers loans	763	-	-	-	-	-	1,343,547	13,460	1,357,770
- Other consumer loans	-	22,031	7,978	6,588	54	481	60,017	7,508	104,657
Loans to corporate entities:									
- Corporate customers	459	183,349	201,984	116,006	66,555	28,703	-	11,450	608,506
- SMEs	-	25,859	38,926	2,133	102,759	5,165	1,028	11,841	187,711
- Agribusiness	-	-	-	-	-	327	27,339	9,876	37,542
Other assets (excluding prepayments)	-	-	-	-	-	-	-	14,272	14,272
As at 31 December 2015	1,572,461	232,455	249,361	125,550	336,467	35,802	1,431,931	83,207	4,067,234

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.9 Concentration of risks of financial assets with credit risk exposure (continued)

(b) Industry sectors (continued)

31 December 2015	Financial institutions	Manufacturing	Trading and commercial	Transport and communication	Wholesale and retail	Agriculture	Individuals	Others	Total
Guarantees and indemnities - (Note 36(a))		2,670	-	2,344	-	-	-	6,259	11,273
Undrawn commitments (Note 36(a))	67,566	-	-	-	-	-	-	-	67,566
Acceptances and letters of credit (Note 36(a))	-	25,159	1,503	37,589	84,007	5,203	-	5,338	158,799
As at 31 December 2015	67,566	27,829	1,503	39,933	84,007	5,203	-	11,597	237,638

Credit risk exposures relating to off-balance sheet assets are as follows:

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk

The Bank takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate and currency, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, and foreign exchange rates. The Bank separates exposures to market risk into either trading or non-trading portfolios.

The market risks arising from trading and non-trading activities are concentrated in the Bank's treasury department and monitored regularly. Regular reports are submitted to the Banks Assets and Liability Committee (ALCO) and heads of department.

Trading portfolios include those positions arising from market-making transactions where the Bank acts as principal with clients or with the market.

Non-trading portfolios primarily arise from the interest rate management of the Bank's retail and corporate banking assets and liabilities.

6.2.1 Foreign exchange risk

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. ALCO sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily.

The table below summarises the Bank's exposure to foreign currency exchange rate risk at 31 December 2016. Included in the table are the Bank's financial instruments at carrying amounts, categorised by currency.

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (continued)

6.2.1 Foreign exchange risk (continued)

Concentrations of currency risk - on - and off - balance sheet financial instruments:

As at 31 December 2016	USD Millions	EURO Millions	GBP Millions	Others Millions	Total Millions
Assets					
Cash and balances with Bank of Tanzania	91,993	4,332	592	8	96,925
Placement and balances with other banks	112,792	4,937	3,436	375	121,540
Loans and advances to customers	219,154	-	-	-	219,154
Other assets (excluding prepayments)	304	-	-	-	304
Total financial assets	424,243	9,269	4,028	383	437,923
Liabilities					
Deposits from customers	184,662	7,258	1,315	-	193,235
Deposits from banks	10,971	-	-	-	10,971
Long term borrowing	235,420	-	-	-	235,420
Other liabilities (excluding non-financial other liabilities)	1,206	1,892	-	-	3,098
Total financial liabilities	432,259	9,150	1,315	-	442,724
Net on-balance sheet financial position	(8,016)	119	2,713	383	4,801
Off balance sheet position					
Guarantee and indemnities (Note 36(a))	3,204	4	-	-	3,208
Undrawn commitments (Note 36(a))	40,920	-	-	-	40,920
Acceptance and letters of credit (Note 36(a))	244,841	27,470	-	-	272,311
	288,965	27,474	-	-	316,439

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (continued)

6.2.1 Foreign exchange risk (continued)

Concentrations of currency risk - on - and off - balance sheet financial instruments:

As at 31 December 2015	USD Millions	EURO Millions	GBP Millions	Others Millions	Total Millions
Assets					
Cash and balances with Bank of Tanzania	288,721	3,216	991	165	293,093
Placement and balances with other banks	106,742	19,701	2,185	702	129,330
Loans and advances to customers	226,633	-	-	-	226,633
Total financial assets	622,096	22,917	3,176	867	649,056
Liabilities					
Deposits from customers	423,530	6,055	3,228	-	432,813
Long term borrowing	210,069	-	-	-	210,069
Other liabilities (excluding non-financial other liabilities)	2,021	1	8	-	2,030
Total financial liabilities	635,620	6,056	3,236	-	644,912
Net on-balance sheet financial position	(13,524)	16,861	(60)	867	4,144
Off balance sheet position					
Guarantee and indemnities (Note 36(a))	5,823	-	-	-	5,823
Undrawn commitments (Note 36(a))	24,493	-	-	-	24,493
Acceptance and letters of credit (Note 36(a))	151,970	5,329	-	-	157,299
	182,286	5,329	-	-	187,615

Foreign exchange sensitivity analysis

The impact of fluctuation of Bank's post tax profit for the year resulting from foreign exchange movements, keeping all other variables held constant on translation of foreign currency dominated cash and balances with the Bank of Tanzania, placements and balances with other banks, loans and deposits from customers and other banks is analysed in the table below

	% change in exchange rate	2016 TZS Million	2015 TZS Million
USD	10%	802	1,352
EURO	10%	12	1,686
GBP	10%	271	6

The effect of translation of placements and balances with other banks in other currencies (Kenyan shillings, Japanese Yen, Swiss Francs, Canadian dollars, Australian dollars, Norwegian Krona, Swedish Krona and South African Rand) is not considered to be significant.

6.2.2 Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. The Bank's Asset and Liability Committee (ALCO) sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored regularly by the Bank. The table below summarises the Bank's exposure to interest rate risks. It includes the Bank's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates. The Bank does not bear an interest rate risk on off balance sheet items.

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (continued)

6.2.2 Interest rate risk (continued)

	Up to 1 month TZS Millions	1 - 3 months TZS Millions	3 - 12 months TZS Millions	1 - 5 years TZS Millions	Over 5 years TZS Millions	Non- interest bearing TZS Millions	Total TZS Millions
As at 31 December 2016							
Assets							
Cash and balances with Bank of Tanzania						950,181	950,181
Investment in Government securities							
- Loans and receivable	50,106	130,474	217,893	325,724	-	-	724,197
- Available for sale	-	-	-	719	-	-	719
Placement and balances with other banks	137,241	-	-	-	-	-	137,241
Loans and advances to customers	61,446	52,745	555,454	2,024,771	100,051	-	2,794,467
Equity Investments	-	-	-	-	1,740		1,740
Other assets (excluding prepayments)	-	-	-	-	-	24,269	24,269
Total financial assets	248,793	183,219	773,347	2,351,214	101,791	974,450	4,632,814
Liabilities							
Deposits from customers	50,713	170,654	288,356	3,714	-	3,223,967	3,737,404
Deposit from banks	11,176	-	-	-	-	-	11,176
Long term borrowing	-	-	-	352,803	-	-	352,803
Other liabilities (excluding non-financial other liabilities)	-	-	-	-	-	72,932	72,932
Total financial liabilities	61,889	170,654	288,356	356,517	-	3,296,899	4,174,315
Total interest repricing gap	186,904	12,565	484,991	1,994,697	101,791	-	-

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (continued)

6.2.2 Interest rate risk (continued)

	Up to 1 month TZS Millions	1 - 3 months TZS Millions	3 - 12 months TZS Millions	1 - 5 years TZS Millions	Over 5 years TZS Millions	Non-in- terest bearing TZS Millions	Total TZS Millions
As at 31 December 2015							
Assets							
Cash and balances with Bank of Tanzania	-	-	-	-	-	972,106	972,106
Investment in Government securities							
- Loans and receivable	71,170	137,919	191,977	266,067	5,407	-	672,540
- Available for sale	-	-	-	729	-	-	729
Placement and balances with other banks	63,723	-	-	-	-	129,330	193,053
Loans and advances to customers	141,109	100,732	586,631	1,484,912	168,369	-	2,481,753
Equity Investments	-	-	-	-	-	1,740	1,740
Other assets (excluding prepayments)	-	-	-	-	-	14,272	14,272
Total financial assets	276,003	238,651	778,608	1,751,708	173,776	1,117,448	4,336,193
Liabilities							
Deposits from customers	47,005	110,560	285,595	670	-	3,124,041	3,567,871
Deposit from banks	1,600	-	-	-	-	-	1,600
Long term borrowing	-	17,160	40,233	191,883	16,477	-	265,753
Other liabilities (excluding non-financial other liabilities)	-	-	-	-	-	76,209	76,209
Total financial liabilities	48,605	127,720	325,828	192,553	16,477	3,200,250	3,911,433
Total interest repricing gap	227,398	110,931	452,780	1,559,155	157,299	-	-

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (continued)

6.2.2 Interest rate risk (continued)

Interest rate risk sensitivity

The interest rate risk sensitivity of the net mismatch between interest bearing assets and liabilities up to 12 months is summarised below. This assumes a 1% adverse movement in interest rates over the period (amounts in TZS Million).

Sensitivity period	Weighted average	Net Interest Bearing Funding	Net position	Impact
2016				
Less than 30 days	5,387	129,294	123,907	2,478
1 year	453,963	182,841	271,122	5,422
2015				
Less than 30 days	5,767	138,419	(132,652)	1,327
1 year	237,543	554,314	(316,771)	3,168

6.3 Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

6.3.1 Liquidity risk management process

The Bank's liquidity management process, as carried out within the Bank and monitored by the Bank's Asset and Liability Committee (ALCO), includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. These include replenishment of funds as they mature or are borrowed by customers. The Bank maintains an active presence in money markets to enable this to happen;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring statement of financial position liquidity ratios against internal and regulatory requirements; and
- Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets (Notes 6.3.3).

6.3.2 Funding approach

Sources of liquidity are regularly reviewed by Bank's Asset and Liability Committee to maintain a wide diversification by currency, geography, provider, product and term.

6.3.3 Non-derivative cash flows

The table below presents the cash flows payable by the Bank under non-derivative financial liabilities by remaining contractual maturities at the end of reporting period. The amounts disclosed in the table below are the undiscounted cash flows. (Amounts are in TZS millions). The impact of cash outflow due to interest is not significant as deposits which attract interest are bonus, fixed deposits and junior account. As at 31 December 2016, the interest bearing deposits had a balance of TZS 513,437 million (2015: TZS 445,430 million).

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

6.3 Liquidity risk (continued)

6.3.3 Non-derivative cash flows (continued)

	Up to 1 month	1 - 3 months	3 - 12 months	Over 1 year	Total
As at 31 December 2016					
Liabilities					
Deposits from customers	3,274,858	173,100	304,680	4,940	3,757,578
Placements and balances from other banks	11,176	-	-	-	11,176
Long term borrowing	-	21,920	118,598	357,852	498,370
Other liabilities (excluding non-financial liabilities)	72,932	-	-	-	72,932
Total liabilities	3,358,966	195,020	423,278	362,792	4,340,056
Assets held for managing liquidity	809,132	183,219	773,347	2,451,265	4,216,963
As at 31 December 2015					
Liabilities					
Deposits from customers	3,173,536	109,196	284,772	367	3,567,871
Placements and balances with other banks	1,600	-	-	-	1,600
Long term borrowing	-	17,160	40,233	208,360	265,753
Other liabilities (excluding non-financial liabilities)	76,209	-	-	-	76,209
Total liabilities	3,251,345	126,356	325,005	208,727	3,911,433
Assets held for managing liquidity	997,244	238,651	778,608	1,925,484	3,939,987

6.3.4 Assets held for managing liquidity risk

The Bank's assets held for managing liquidity risk comprise:

- Cash and balances with the Bank of Tanzania (excluding SMR);
- Investment in government securities; and
- Placements with other banks

In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. The Bank would also be able to meet unexpected net cash outflows by selling securities and accessing additional funding sources such as asset-backed markets.

6.3.5 Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period

	2016 TZS' Millions	2015 TZS' Millions
Floating rate		
- Expiring within one year	-	48,497

The facilities may be drawn at any time and may be terminated by the bank without notice. The unsecured bill acceptance facility may be drawn at any time and is subject to annual review.

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

6.4 Off-balance sheet items

(a) Undrawn commitments, outstanding letters of credit, guarantee and indemnities

The dates of the contractual amounts of the Bank's off-balance sheet financial instruments that commit it to extend credit to customers and other facilities (Note 36), are summarised in the table below.

(b) Financial guarantees and other financial facilities

Financial guarantees (Note 36) are also included below based on the earliest contractual maturity date.

	No later than 1 year TZS' Millions	1 - 5 years TZS' Millions	Total TZS' Millions
As at 31 December 2016			
Guarantee and indemnities	16,665	610	17,275
Undrawn commitments	85,458	-	85,458
Acceptance and letter of credit	272,311	-	272,311
Total	374,434	610	375,044
As at 31 December 2015			
Guarantee and indemnities	11,273	-	11,273
Undrawn commitments	67,566	-	67,566
Acceptance and letter of credit	158,799	-	158,799
Total	237,638	-	237,638

6.5 Fair value of financial assets and liabilities

6.5.1 Fair value estimation

IFRS 13 requires the Bank to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The Bank specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

This hierarchy requires the use of observable market data when available. The Bank considers relevant and observable market prices in its valuations where possible.

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

6.5 Fair value of financial assets and liabilities (continued)

6.5.1 Fair value estimation (continued)

There were no transfers between the levels during the year.

i) *Fair value of the Group financial assets and financial liabilities that are measured at fair value on recurring basis*

The following table gives information about how the fair value of these financial assets and liabilities are determined:

Type	2016 TZS Millions	Fair value at 2015 TZS Millions	Hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Relationship of unobservable input to fair value
Investment in government securities	719	729	Level 2	Market observable inputs	N/A	N/A

Available for sale equity investments in TMRC amounting to TZS 1,740 million are stated at cost as the fair value cannot be reliably measured.

ii) *Fair value of financial assets and liabilities that are not measured at fair value*

GROUP	Hierarchy level	Carrying amount		Fair value	
		2016	2015	2016	2015
		TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions
Financial assets					
Cash and balances with Bank of Tanzania	Level 1	950,181	972,106	950,181	972,106
Investment securities at amortised cost	Level 2	724,197	672,540	682,420	672,540
Placement and balances with other banks	Level 2	137,241	193,053	137,241	193,053
Loans and advances to customers	Level 3	2,774,464	2,457,282	2,758,017	2,457,282
Other assets (excluding prepayment)	Level 3	29,083	36,204	29,083	36,2014
		4,615,166	4,331,185	4,563,609	4,656,995
Financial liabilities					
Deposits from customers	Level 3	3,737,211	3,564,770	3,737,211	3,564,770
Deposits from banks	Level 2	11,176	1,600	11,176	1,600
Borrowings	Level 3	352,803	265,753	352,803	265,753
Other liabilities (Excluding non-financial other liabilities)	Level 3	74,302	76,050	74,302	76,050
		4,175,492	3,908,173	4,175,492	3,908,173

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

6.5 Fair value of financial assets and liabilities (continued)

6.5.1 Fair value estimation (continued)

ii) Fair value of financial assets and liabilities that are not measured at fair value (continued)

BANK	Hierarchy level	Carrying amount			Fair value
		2016	2015	2016	2015
		TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions
Financial assets					
Cash and balances with Bank of Tanzania	Level 1	950,181	972,106	950,181	972,106
Investment securities at amortised cost	Level 2	724,197	672,540	682,420	672,540
Placement and balances with other banks	Level 2	137,241	193,053	137,241	193,053
Loans and advances to customers	Level 3	2,794,467	2,481,753	2,778,020	2,481,753
Other assets (Excluding prepayment)	Level 3	24,269	30,005	24,269	30,005
		4,630,355	4,349,457	4,578,798	4,349,457
Financial liabilities					
Deposits from customers	Level 3	3,737,404	3,564,770	3,737,404	3,564,770
Deposits from banks	Level 2	11,176	1,600	11,176	1,600
Borrowings	Level 3	352,803	265,753	352,803	265,753
Other liabilities (Excluding non-financial other liabilities)	Level 3	72,932	76,050	72,932	76,050
		4,174,315	3,908,173	4,174,315	3,908,173

6.6 Capital management

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of statement of financial positions, are:

- To comply with the capital requirements set by the Bank of Tanzania (BoT);
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee, as implemented by the Bank of Tanzania (BoT), for supervisory purposes. The required information is filed with the BoT on a quarterly basis.

The Bank of Tanzania requires each bank or banking group to:

- Hold a minimum level of core capital of TZS 15 billion;
- Maintain a ratio of core capital to the risk-weighted assets plus risk-weighted off balance sheet assets or above the required minimum of 10%; and
- Maintain total capital of not less than 12% of risk-weighted assets plus risk-weighted off-balance sheet items.

The Bank's regulatory capital as managed by its Treasury Department is divided into two tiers:

- Tier 1 capital: means permanent shareholders' equity in the form of issued and fully paid ordinary shares, and perpetual non-cumulative preference shares, capital grants and disclosed reserves less year to date losses, goodwill organization, pre-operating expenses, prepaid expenses, deferred charges, leasehold rights and any other intangible assets.
- Tier 2 capital: means general provisions which are held against future, presently unidentified losses and are freely available to meet losses which subsequently materialize, subordinated debts, cumulative redeemable preferred stocks and

any other form of capital as may be determined and announced from time to time by the Bank.

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

6.6 Capital management (continued)

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The table below summarises the composition of regulatory capital and the ratios of the Bank for the year ended 31 December 2016 and year ended 31 December 2015. During those two periods, the Bank complied with all of the externally imposed capital requirements to which they are subject.

	Note	2016 TZS' Millions	2015 TZS' Million
Tier 1 capital			
Share capital		20,000	20,000
Retained earnings		708,045	620,901
Less: Prepaid expenses	24(b)	(20,110)	(15,733)
Less: Intangible assets	26	(15,462)	(10,237)
Less: Deferred tax assets	27	(27,513)	(22,736)
Total qualifying Tier 1 capital		664,960	592,195
Tier 2 capital			
General risk reserve		26,385	20,876
Fair valuation reserve		(194)	(148)
Total qualifying Tier 2 capital		26,191	20,728
Total regulatory capital		718,022	630,099
Risk-weighted assets			
On-balance sheet		3,160,728	2,691,349
Off-balance sheet	36(a)	353,610	237,638
Market risk		5,280	3,587
Total risk-weighted assets		3,519,618	2,932,574

	Required ratio (%)	2016 Bank's ratio (%)	2015 Bank's ratio (%)
Tier 1 capital	10%	19	20
Tier 1 + Tier 2 capital	12%	20	21

The increase of the regulatory capital in the 2016 is mainly due to the contribution of the current-year profit. The increase of the risk-weighted assets reflects the expansion of the business in 2016.

7 INTEREST AND SIMILAR INCOME

	2016 TZS' Millions	2015 TZS' Millions
(a) GROUP		
Loans and advances to customers	439,141	336,904
Government securities	107,251	96,068
Placements and balances with other banks	2,601	3,747
	548,993	436,719
(b) BANK		
Loans and advances to customers	441,182	338,898
Government securities	107,251	96,068
Placements and balances with other banks	2,601	3,747
	551,034	438,713

None of the interest income has been earned from impaired financial assets

8 INTEREST AND SIMILAR EXPENSES (GROUP AND BANK)

Deposits from customers		
- Time deposits	33,026	24,012
- Current accounts	27,425	17,905
- Saving deposits	15,331	14,047
Deposits due to other banks	9,385	1,262
Borrowings from financial institutions	14,092	11,303
Corporate retail bond	2,935	-
	102,194	68,529

9 NET FEES AND COMMISSION INCOME (GROUP AND BANK)

Fees and commission income		
Credit related fees and commissions	37,566	33,447
Other fees	40,828	29,502
ATM fees and card issuing	24,307	22,776
Maintenance fees	21,715	19,802
Teller withdrawal fees	8,586	8,504
Commission - mobile banking	6,620	6,640
Government service fees	4,000	4,000
	143,622	124,671
Fees and commission expense		
Financial charges	(13,758)	(10,253)
Net fees and commission income	129,864	114,418

10 FOREIGN EXCHANGE INCOME

	2016 TZS' Millions	2015 TZS' Millions
(a) GROUP		
Foreign currency trading and operation	15,419	21,992
(b) BANK		
Foreign currency trading	15,419	26,430

11 OTHER INCOME (GROUP AND BANK)

Bad debts recovery	3,769	2,657
Miscellaneous income	1,875	15,979
Profit on disposal of property and equipment	390	-
Rental income	23	27
	6,057	18,663

12. EMPLOYEE BENEFIT EXPENSES (GROUP AND BANK)

Salaries and allowances	86,122	74,696
Other emoluments	49,673	44,713
Pension costs - defined contribution plan	12,896	11,240
	148,691	130,649

13. OTHER OPERATING EXPENSES

	2016 TZS' Millions	2015 TZS' Millions
(a) GROUP		
Administrative expenses	65,887	53,221
Operating lease rent	12,830	11,765
Utilities	18,534	15,310
Security expenses	8,841	6,979
Marketing and advertising expenses	10,815	9,330
Repairs and maintenance	36,949	29,175
Travelling expenses	10,488	10,997
Management contract expenses	4,674	6,051
Other expenses	531	2,401
Auditors' remuneration	775	696
Loss on disposal of property and equipment	-	148
Directors' remuneration:		
- Others	153	175
- Fees	124	123
	170,601	146,371
(b) BANK		
Administrative expenses	64,933	53,207
Operating lease rent	19,138	17,031
Utilities	18,534	15,310
Security expenses	8,841	6,979
Marketing and advertising expenses	10,815	9,330
Repairs and maintenance	36,949	29,175
Travelling expenses	10,488	10,997
Management contract expenses	4,674	6,051
Other expenses	531	2,090
Auditors' remuneration	775	696
Loss on disposal of property and equipment	-	148
Directors' remuneration:		
- Others	153	175
- Fees	124	123
	175,955	151,328

14. DEPRECIATION AND AMORTISATION

	2016 TZS Millions	2015 TZS Millions
(a) GROUP		
Depreciation of property and equipment (Note 25)	20,254	14,503
Amortization of intangible assets (Note 26)	4,601	2,878
	24,855	17,381
(b) BANK		
Depreciation of property and equipment (Note 25)	19,269	14,503
Amortization of intangible assets (Note 26)	4,601	2,878
	23,870	17,381

15. CURRENT INCOME TAX (GROUP AND BANK)

(a) INCOME TAX EXPENSE (GROUP AND BANK)

Income tax expense for the year is arrived at as follows.

	2016 TZS' Millions	2015 TZS' Millions
Current tax:		
In respect of current year	72,376	64,674
Deferred tax:		
In respect of current year (Note 27)	(4,160)	2,366
In respect of prior year (Note 27)	(617)	-
	(4,777)	2,366
	67,599	67,040

The tax on the Bank's profit differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	2016 TZS' Millions	2015 TZS' Millions
Reconciliation of account profit to tax charge:		
Profit before income tax	221,424	217,328
Tax calculated at the statutory income tax rate of 30% (2015: 30%)	66,427	65,198
Tax effect of:		
Depreciation on non-qualifying assets	-	192
Expenses not deductible for tax purposes	1,789	1,650
Net under provision of deferred tax and current income tax in prior year	(617)	-
Income tax expense	67,599	67,040

15. CURRENT INCOME TAX (GROUP AND BANK) (CONTINUED)

(b) CURRENT TAX ASSETS (GROUP AND BANK)

	2016 TZS' Millions	2015 TZS Millions
At start of the year	2,387	3,865
Current year tax expense	(72,376)	(64,674)
Tax paid	70,880	63,196
Tax recoverable	891	2,387

The subsidiaries were at loss position hence no tax liability (2015: nil).

16. EARNINGS PER SHARE (GROUP)

The calculation of the basic earnings per share was based on the net profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the year, calculated as follows:

	2016 TZS' Millions	2015 TZS Millions
Net profit attributable to shareholders	155,804	148,899
Weighted average number of shares in issue in millions (Note 32)	500	500
Basic and diluted earnings per share	311.61	297.47

There being no dilutive or dilutive potential share options, the basic and diluted earnings per share are the same.

17. DIVIDEND PER SHARE

Dividends are not recognised as a liability until they have been ratified at the Annual General Meeting. The Directors propose payment of a dividend of TZS 104 per share, amounting to TZS 52,000 million out of 2016 profit. In 2015, dividend of TZS 104 per share, amounting to TZS 52,000 million was approved and paid.

18. CASH AND BALANCES WITH BANK OF TANZANIA (GROUP AND BANK)

	2016 TZS' Millions	2015 TZS' Millions
Cash in hand		
- local currency	219,282	237,999
- foreign currency	28,909	29,220
Balances with Bank of Tanzania		
- local currency	244,132	60,820
- foreign currency	68,016	263,873
Statutory Minimum Reserves (SMR)*	389,842	380,194
	950,181	972,106

*The SMR deposit is not available to finance the Bank's day-to-day operations and hence excluded from cash and cash equivalents for the purpose of the cash flow statement (See Note 33). Cash in hand and balances with Bank of Tanzania are non-interest bearing.

18. CASH AND BALANCES WITH BANK OF TANZANIA (GROUP AND BANK)
(CONTINUED)

	2016 TZS' Millions	2015 TZS' Millions
Current	389,842	380,194
Non-current	560,339	591,912
	950,181	972,106

19. PLACEMENTS AND BALANCES WITH OTHER BANKS (GROUP AND BANK)

	2016 TZS' Millions	2015 TZS' Millions
Balances with banks abroad	68,459	118,085
Placement with local banks		
- local currency	19,518	63,723
- foreign currency	47,830	11,245
Cheques and items for clearing from other banks	1,435	-
	137,241	193,053
Current	137,241	193,053

20. LOANS AND ADVANCES TO CUSTOMERS

	2016 TZS Millions	2015 TZS Millions
(a) GROUP		
Loans and advances to customers		
Retail customers		
Salaried workers loans (SWL)	1,697,667	1,462,425
MSE customers	304,828	188,672
Other consumer loans	13,477	11,696
	2,015,972	1,662,793
Corporate entities		
Large corporate entities	561,461	640,324
SMEs	187,042	176,489
	748,503	816,813
Agribusiness loans	62,736	13,900
Gross loans and advances to customers	2,827,211	2,493,506
Less: allowance for impairment	(52,747)	(36,224)
Net loans and advances to customers	2,774,464	2,457,282

Maturity analysis is based on the remaining periods to contractual maturity from year end

20. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(a) GROUP (CONTINUED)

Analysis of loans and advances to customers by maturity	2016 TZS' Millions	2015 TZS' Millions
Maturing:		
Within 1 year	669,645	828,472
Between 1 year and 5 years	2,077,518	1,460,441
Over 5 years	27,301	168,369
	<u>2,774,464</u>	<u>2,457,282</u>
(b) BANK		
Loans and advances to customers		
Retail customers		
Salaried workers loans	1,697,667	1,462,425
MSE customers	304,828	188,672
Other consumer loans	13,477	11,696
	<u>2,015,972</u>	<u>1,662,793</u>
Corporate entities		
Large corporate entities	581,464	664,795
SMEs	187,042	176,489
	<u>768,506</u>	<u>841,284</u>
Agribusiness loans	<u>62,736</u>	<u>13,900</u>
Gross loans and advances to customers	2,847,214	2,517,977
Less: allowance for impairment	(52,747)	(36,224)
Net loans and advances to customers	<u>2,794,467</u>	<u>2,481,753</u>

Maturity analysis is based on the remaining periods to contractual maturity from year end

Analysis of loans and advances to customers by maturity	2016 TZS' Millions	2015 TZS' Millions
Maturing:		
Within 1 year	669,645	828,472
Between 1 year and 5 years	2,024,771	1,484,912
Over 5 years	100,051	168,369
	<u>2,794,467</u>	<u>2,481,753</u>

20. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(b) BANK (CONTINUED)

Movement in the allowance account for losses on loans:	Corporate	MSE	SME	SWL	Other consumer loans	Agribusiness	Total
	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions
At 1 January 2016	6,449	3,106	2,678	11,602	93	12,296	36,224
Increase in allowance for loan impairment*	2,181	3,998	2,375	17,850	142	3,694	30,240
Write-offs	-	(2,192)	(1,976)	(8,589)	(68)	(892)	(13,717)
At 31 December 2016	8,630	4,912	3,077	20,863	167	15,098	52,747

*Increase in allowance for loans impairment has been mainly caused by delayed payments from the government for salaried workers loans due to certificate verification exercise and identification of ghost workers conducted by the government. For agribusiness loans increase has resulted from draught that occurred in the last season.

Movement in the allowance account for losses on loans:	Corporate	MSE	SME	SWL	Other consumer loans	Agribusiness	Total
	TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions
At 1 January 2015	7,530	3,716	2,136	15,138	121	10,736	39,377
(Decrease)/increase in allowance for loan impairment	(1,081)	2,764	3,665	5,477	44	2,140	13,009
Write-offs	-	(3,374)	(3,123)	(9,013)	(72)	(580)	(16,162)
At 31 December 2015	6,449	3,106	2,678	11,602	93	12,296	36,224

21. (a) INVESTMENT IN GOVERNMENT SECURITIES - LOANS AND RECEIVABLES (GROUP AND BANK)

	2016 TZS' Millions	2015 TZS' Millions
Treasury Bills and Bonds:		
Maturing within 91 days	199,593	209,089
Maturing after 91 days	497,298	437,776
	696,891	646,865
Recapitalisation Bond:		
Maturing after 91 days	27,306	25,675
	724,197	672,540
Current	398,473	401,066
Non-current	325,724	271,474
	724,197	672,540

21. (a) INVESTMENT IN GOVERNMENT SECURITIES - LOANS AND RECEIVABLES (GROUP AND BANK) (CONTINUED)

Interest on recapitalisation bond is received semi-annually at a variable rate a maximum of 12.6% and a minimum of 7% computed as a weighted average of interest rate on Treasury Bills over the last six months. Treasury Bills and Bonds are debt securities issued by the Government of the United Republic of Tanzania at an effective rate 16.7% (2015: 14.0%).

There are no investment securities pledged as collateral for borrowing.

The movement in investment securities may be summarized as follows:	2016 TZS' Millions	2015 TZS' Millions
At 1 January	672,540	736,352
Additions	570,864	687,120
Accrued interest reclassified to investments securities available for sale	-	(35)
Matured securities	(519,207)	(750,897)
At 31 December	<u>724,197</u>	<u>672,540</u>

21 (b) INVESTMENT IN GOVERNMENT SECURITIES - AVAILABLE FOR SALE (GROUP AND BANK)

The Group has invested in a 5-year treasury bond with a coupon rate of 9.18% p.a. The movement in available for sale investment securities is as follows:

	2016 TZS' Millions	2015 TZS' Millions
At 1 January	729	774
Accrued interest	36	35
Loss on fair valuation of securities	(46)	(80)
At 31 December	<u>719</u>	<u>729</u>

22. EQUITY INVESTMENTS

(a) GROUP

Investment at available for sale	2016 TZS' Millions	% Share-holding	2015 TZS' Millions	% Share-holding
Company name				
Tanzania Mortgage Refinance Company Limited (TMRC)	<u>1,740</u>	15.06	<u>1,740</u>	15.06

TMRC is a private company and there is no quoted market price available for the shares

22. EQUITY INVESTMENTS (CONTINUED)

(b) BANK

The Bank has equity investments in TMRC and a subsidiary named Upanga Joint Venture Company Limited.

(i) Investment in subsidiaries

Investment at available for sale	2016 TZS' Millions	% Share-holding	2015 TZS' Millions	% Share-holding
Company name				
Upanga Joint Venture Company Limited	39,639	88	10,630	32.64
Ohio Street Properties Limited	-	-	29,009	99.0
	39,639		39,639	

There are no contingent liabilities relating to the Bank's interest in the subsidiary.

The subsidiary listed above has share capital consisting solely of ordinary shares. The country of incorporation; the United Republic of Tanzania is also their principle place of business.

There were no significant judgements and assumptions made in determining the Bank's interest on subsidiary.

In December 2016, Ohio Street Properties Limited voluntarily wound up its operations and transferred its interest in Upanga Joint Venture Limited to the Bank.

Set out below are the summarised financial information for each of the two subsidiaries, Ohio Street Properties Limited ("OSP Limited") and Upanga Joint Venture Company Limited ("UJVC Limited").

Summarised statement of financial position

	OSP LIMITED		UJVC LIMITED	
	2016 TZS Millions	2015 TZS Millions	2016 TZS Millions	2015 TZS Millions
Current				
Total current assets	-	18	6,744	9,461
Current liabilities	-	(2)	(11)	(18)
Total net current assets	-	16	6,733	9,443
Non-current				
Assets	-	16,308	42,037	41,051
Liabilities	-	-	(19,797)	(24,471)
Total non-current net assets	-	16,308	22,240	16,580
Total net assets	-	16,324	28,973	26,023

22. EQUITY INVESTMENTS (CONTINUED)

(b) BANK (CONTINUED)

(i) Investment in subsidiaries (Continued)

Summarised statement of comprehensive income

	OSP LIMITED		UJVC LIMITED	
	2016 TZS Millions	2015 TZS Millions	2016 TZS Millions	2015 TZS Millions
Revenue	-	-	5,858	5,268
Finance costs	-	-	(2,042)	-
Administrative expenses	-	(4)	(218)	(51)
Operating expenses	-	(1)	(1,051)	(2,248)
Gain/(Loss) on foreign exchange	-	5	(220)	(4,448)
Tax expense	-	-	-	-
Profit/(Loss) after tax	-	-	2,327	(1,479)
Allocated to non- controlling interest	-	-	303	(166)

22. EQUITY INVESTMENTS (CONTINUED)

(b) BANK (CONTINUED)

(i) Investment in subsidiaries (Continued)

Summarised cash flows

	OSP LIMITED		UJVC LIMITED	
	2016	2015	2016	2015
	TZS	TZS	TZS	TZS
	Millions	Millions	Millions	Millions
Net cash used in operations	-	(1)	3,560	(537)
Net cash used in Investing activities	-	-	(1,972)	(203)
Net cash generated from financing activities	-	-	(4,469)	2,778
Net (decrease)/ increase in cash and cash equivalents	-	(1)	(2,881)	2,038
Cash and cash equivalents at start of the year	-	19	3,073	1,035
Cash and cash equivalents at end of the year	-	18	192	3,073

(ii) Investment at Available for sale

	2016 TZS' Millions	% Share holding	2015 TZS' Millions	% Share holding
Company name				
Tanzania Mortgage Refinance Company Ltd	1,740	15.06	1,740	15.06

23. PRIOR YEAR ADJUSTMENT

The Group acquired additional 49% shareholding in Ohio Street Properties Limited from Mirambo Street Properties Limited on 15 December 2015.

The Group recognized goodwill of TZS 13,282 million calculated as follows;

	TZS' Millions
Consideration given	20,946
Fair value of previously held interest	8,492
Non-controlling interest	168
Less: Fair value of net assets acquired	(16,324)
	13,282

The financial statements have been restated to account correctly the difference between the consideration and fair value of net assets gain which was wrongly recognized as goodwill when the Group acquired additional 6,816 shares representing 49% shareholding in the Ohio Street Properties. The additional purchase of shares did not result in a gain of control therefore the difference should have been recognized directly in equity and attributed to the parent's equity holders as required by IFRS 3

23 PRIOR YEAR ADJUSTMENT (CONTINUED)

	As previously stated TZS' Millions	Restatement TZS' Millions	As restated TZS' Millions
Group			
Statement of financial position			
Goodwill	13,282	(13,282)	-
Other reserves	-	(13,282)	(13,282)

24. OTHER ASSETS

	2016 TZS' Millions	2015 TZS' Millions
(a) GROUP		
Other receivables	22,487	18,758
Prepayments	20,110	15,812
Service fees receivable	6,985	2,536
Staff imprest	19	40
Less: impairment allowance for other receivables	(408)	(942)
	49,193	36,204
Current	47,042	32,627
Non-current	2,151	3,577
	49,193	36,204
The movement in provision for impairment of other assets is as follows:		
At start of the year	(942)	(6)
Release/(additional) allowance	534	(936)
At end of year	(408)	(942)
(b) BANK		
Prepayments	17,673	15,733
Other receivables	20,114	12,639
Service fees receivable	6,985	2,535
Staff advance	19	40
Less: Allowance for impairment of other receivables	(408)	(942)
	44,383	30,005
Current	42,232	26,428
Non-current	2,151	3,577
At end of the year	44,383	30,005
The movement in allowance for impairment of other receivables is as follows:		
At start of the year	(942)	(6)
Release/(charge) of provision	534	(936)
At end of the year	(408)	(942)

No other asset has been pledged as security for liabilities.

25 PROPERTY AND EQUIPMENT

(a) GROUP

	Own building TZS' Millions	Leasehold improve- ment TZS' Millions	Motor vehicles TZS' Millions	Computers, furniture and equipment TZS' Millions	Capital work in progress TZS' Millions	Total TZS' Millions
Year ended 31 December 2016						
COST						
At 1 January 2016	59,551	20,672	10,230	90,403	121,080	301,936
Additions	1,972			9,931	70,817	82,720
Transfers from work in progress	41,048	12,007	3,896	12,466	(69,417)	-
Disposal	-	-	(536)	(32)	-	(568)
At 31 December 2016	102,571	32,679	13,590	112,768	122,480	384,088
DEPRECIATION						
At 1 January 2016	15,243	13,687	6,138	72,651	-	107,719
Charge for the year	3,952	3,456	2,441	10,405	-	20,254
Disposal	-	-	(536)	(29)	-	(565)
At 31 December 2016	19,195	17,143	8,043	83,027	-	127,408
NET BOOK VALUE						
At 31 December 2016	83,376	15,536	5,547	29,741	122,480	256,680

The capital work in progress relates to the ongoing projects of branch remodelling and equipment for new data centre and network equipment at Head office. No property and equipment of the Group and Bank has been pledged as security for liabilities.

25 PROPERTY AND EQUIPMENT (CONTINUED)

(a) GROUP (CONTINUED)

	Own building	Leasehold improve- ment	Motor vehicles	Computers, furniture and equipment	Capital work in progress	Total
	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions
Year ended 31 December 2015						
COST						
At 1 January 2015	16,162	35,581	7,926	84,947	77,914	222,530
Additions	-	-	20	6,516	77,147	83,683
Transfers from work in progress	23,942	4,538	2,445	1,619	(32,544)	-
Transfer to intangible assets	-	-	-	-	(1,437)	(1,437)
Reclassifications	19,447	(19,447)	(469)	469	-	-
Disposal	-	-	(630)	(1,481)	-	(2,111)
Adjustments	-	-	938	(1,667)	-	(729)
At 31 December 2015	59,551	20,672	10,230	90,403	121,080	301,936
DEPRECIATION						
At 1 January 2015	3,681	20,400	5,751	66,003	-	95,835
Charge for the year	3,756	1,095	1,561	8,091	-	14,503
Reclassification	7,806	(7,806)	-	-	-	-
Disposal	-	-	(630)	(1,260)	-	(1,890)
Adjustments	-	(2)	(544)	(183)	-	(729)
At 31 December 2015	15,243	13,687	6,138	72,651	-	107,719
NET BOOK VALUE						
At 31 December 2015	44,308	6,985	4,092	17,752	121,080	194,217

(b) BANK

Year ended 31 December 2016

COST

At 1 January 2016	59,551	20,672	10,230	90,402	80,030	260,885
Additions	-	-	-	9,932	70,817	80,749
Transfers from work in progress	-	12,007	3,896	12,466	(28,369)	-
Disposal	-	-	(536)	(32)	-	(568)
At 31 December 2016	59,551	32,679	13,590	112,768	122,478	341,066

DEPRECIATION

At 1 January 2016	15,243	13,687	6,137	72,652	-	107,719
Charge for the year	2,967	3,456	2,441	10,405	-	19,269
Disposal	-	-	(536)	(29)	-	(565)

At 31 December 2016	18,210	17,143	8,042	83,028	-	126,423
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NET BOOK VALUE

At 31 December 2016	41,341	15,536	5,548	29,740	122,478	214,643
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25 PROPERTY AND EQUIPMENT (CONTINUED)

(b) BANK (CONTINUED)

The capital work in progress relates to the ongoing projects of branch remodelling and equipment for new data centre and network equipment at Head office. No property and equipment of the Group and Bank has been pledged as security for liabilities.

	Own build- ing TZS' Millions	Leasehold improve- ment TZS' Millions	Motor vehicles TZS' Millions	Computers, furniture and equipment TZS' Millions	Capital work in progress TZS' Millions	Total TZS' Millions
Year ended 31 December 2015						
COST						
At 1 January 2015	16,162	35,581	7,926	84,947	37,066	181,682
Additions	-	-	20	6,516	76,944	83,480
Transfers from work in progress	23,942	4,538	2,445	1,619	(32,544)	-
Transfer to intangible assets	-	-	-	-	(1,437)	(1,437)
Reclassifications	19,447	(19,447)	(469)	469	-	-
Disposal	-	-	(630)	(1,481)	-	(2,111)
Adjustments	-	-	938	(1,667)	-	(729)
At 31 December 2015	59,551	20,672	10,230	90,403	80,029	260,885
DEPRECIATION						
At 1 January 2015	3,681	20,400	5,751	66,003	-	95,835
Charge for the year	3,756	1,095	1,561	8,091	-	14,503
Reclassification	7,806	(7,806)	-	-	-	-
Disposal	-	-	(630)	(1,260)	-	(1,890)
Adjustments	-	(2)	(544)	(183)	-	(729)
At 31 December 2015	15,243	13,687	6,138	72,651	-	107,719
NET BOOK VALUE						
At 31 December 2015	44,308	6,985	4,092	17,752	80,029	153,166

The capital work in progress relates to the ongoing projects of branch remodelling and equipment for new head office. No property and equipment of the Group and Bank has been pledged as security for liabilities.

26 INTANGIBLE ASSETS

(GROUP AND BANK) 2016	Computer Software	Work in progress	Total
Cost:			
At 1 January	25,592	-	25,592
Additions	1,060	8,765	9,825
At 31 December	26,652	8,765	35,417
Depreciation:			
At 1 January	15,355	-	15,355
Charge	4,601	-	4,601
At 31 December	19,956	-	19,956
Net book value	6,696	8,765	15,461

COMPUTER SOFTWARE (GROUP AND BANK) 2015	2015 TZS' Millions	2014 TZS' Millions
Cost:		
At 1 January	16,914	12,425
Additions	7,241	311
Transfers in	1,437	4,178
At 31 December	25,592	16,914
Depreciation:		
At 1 January	12,477	11,717
Charge	2,878	760
At 31 December	15,355	12,477
Net book value	10,237	4,437

27 DEFERRED TAX ASSETS (GROUP AND BANK)

Deferred income tax is calculated on all temporary differences under the liability method using a principal tax rate of 30%. The movement on the deferred income tax account is as follows:

	2016 TZS' Millions	2015 TZS' Millions
At start of year	22,736	25,102
(Debit)/credit to profit or loss:	-	-
Deferred income tax-current year (Note 15(a))	4,160	(2,366)
Under provision in prior year (Note 15(a))	617	-
At the end of year	27,513	22,736

27 DEFERRED TAX ASSETS (GROUP AND BANK) (CONTINUED)

Deferred income tax asset and deferred income tax credit to the profit or loss are attributed to the following items:

	1 January 2016 TZS' Millions	Credited to profit or loss TZS' Millions	31 December 2016 TZS' Millions
Deferred income tax asset			
Property and equipment	5,139	(84)	5,055
Provisions	17,597	4,861	22,458
	22,736	4,777	27,513

The deferred income tax asset on fair value loss on available for sale financial assets was assessed to be immaterial.

	1 January 2015 TZS' Millions	Credited to profit or loss TZS' Millions	31 December 2015 TZS' Millions
Deferred income tax asset			
Property and equipment	6,081	(942)	5,139
Provisions	19,021	(1,424)	17,597
	25,102	(2,366)	22,736

	2016 TZS' Millions	2015 TZS' Millions
Expected to be recovered within 12 months	1,309	13,301
Expected to be recovered after 12 months	26,204	9,435
	27,513	22,736

28 DEPOSIT FROM CUSTOMERS

(a) GROUP

Deposits due to customers are composed of the following;

	2016 TZS' Millions	2015 TZS' Millions
Current accounts	1,744,726	1,570,648
Personal accounts	1,542,724	1,549,951
Time deposit accounts	449,761	444,171
	3,737,211	3,564,770
Current	3,733,497	3,564,100
Non-current	3,714	670
	3,737,211	3,564,770
(b) BANK		
Current accounts	1,744,919	1,573,749
Personal accounts	1,542,724	1,549,951
Time deposit accounts	449,761	444,171
	3,737,404	3,567,871
Current	3,733,690	3,567,201
Non-current	3,714	670
	3,737,404	3,567,871

29 OTHER LIABILITIES

(a) GROUP

	2016 TZS' Millions	2015 TZS' Millions
Sundry liabilities	42,656	47,287
Accrued expenses	31,510	25,215
Bills payable	4,340	3,302
Cheques and items for clearing from other banks	-	246
	78,506	76,050
Current	53,776	54,862
Non-current	24,730	21,188
	78,506	76,050
(b) BANK		
Sundry liabilities	43,986	47,446
Accrued expenses	31,510	25,215
Bills payable	4,340	3,302
Cheques and items for clearing from other banks	-	246
	79,836	76,209
Current	55,106	55,021
Non-current	24,730	21,188
	79,836	76,209

30 PROVISIONS (GROUP AND BANK)

	2016 TZS Millions	2015 TZS Millions
Provision for losses from legal cases	2,648	3,229
Movement in provision		
At the start of year	3,229	4,552
Utilised during the year	(581)	(1,323)
At end of year	2,648	3,229

The amounts represent provision for certain legal claims brought against the Bank by third parties in the course of business. In the directors' opinion, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided as at 31 December 2016.

31. BORROWINGS (GROUP AND BANK)

	2016 TZS' Millions	2015 TZS' Millions
Borrowings		
- EIB Loan (i)	88,845	74,351
- FMO Loan (ii)	216,216	188,275
- Retail Bond (iii)	41,406	-
- TMRC (iv)	1,700	-
Accrued interest	4,636	3,127
	352,803	265,753
Current	74,564	48,634
Non-current	278,239	217,119
	352,803	265,753

(i) European Investment Bank loan

As at 31 December 2016, the Bank had a borrowing balance from EIB of TZS 72,712 million (2015: TZS 54,440 million) being accumulation of TZS loans payable semiannually within four to seven years at effective interest rate of 8.53% (2015: 8.87%). In addition, as at 31 December 2016, the Bank had a borrowing balance from EIB of USD 7.4 million (2015: USD 9.5 million) equivalent to TZS 16,133 million (2015: TZS 19,911 million) being accumulation of various USD loans payable over a period of four to seven years at a fixed rate. The effective interest rate of the loan during the year was 3.2% (2015: 3.2%). The loans were taken for the purpose of better Assets Liability management. The loans are unsecured.

(ii) Financierings-Maatschappij voor Ontwikkelingslanden N.V (FMO) loan

The Bank borrowed from FMO loan in 2013 of USD 65 million repayable semi-annually and carries a floating rate based on six months LIBOR rate. The effective interest rate is 4.3%. The loan was taken for the purpose of better Assets Liability management. The loan is unsecured. As at 31 December 2016 the balance was USD 39 million equivalent to TZS 85,176 million (2015: USD 52 million equivalent to TZS 112,710 million).

In 2015, the Bank obtained additional unsecured loan of USD 35 million repayable semi-annually within five to six years and carries a floating rate based on six months LIBOR rate. The effective interest rate was 4.5%, during the year. The outstanding balance as at 31 December 2016 was USD 35 million equivalent to TZS 76,440 million (2015: USD 35 million equivalent to TZS 75,565 million).

Moreover in 2016, the bank drew down tranche 2 of the 2015 contract amounting to USD 25 Million repayable semi-annually within five to six years and carries a floating rate based on six months LIBOR rate. The effective interest rate was 4.7%, during the year. The outstanding balance as at 31 December 2016 was USD 25 million equivalent to TZS 54,600 million.

31. BORROWINGS (GROUP AND BANK) (CONTINUED)

(iii) Retail bond

At the end of 2015, the Bank received regulatory approval for a multi-currency, medium-term corporate bond program amounting to TZS 200 billion. On May 10 2016, the Bank issued the first tranche of this program. NIB issued a TZS 20 billion 3-year bond targeted towards the retail investor segment; offering a gross coupon rate of 13% and issued at par. The coupon on the bond is paid semi-annually. The offer period closed on June 2016 with market demand exceeding expectations. The bond was oversubscribed by 107% with the Bank receiving applications from investors amounting to TZS 41.4 billion. The bonds are unsecured and are tradable on the Dar es Salaam Stock Exchange (DSE).

The issuance of the bond is part of NMB's strategy to diversify its funding sources. The proceeds of the bond issue were used for on-lending to the Bank's customers who include individuals, micro, small and medium sized enterprises as well as large corporate and Government institutions.

As at 31 December 2016, the bank had TZS 158.6 billion that can be released through its existing bond program. Subsequent tranches will be issued as and when the Bank requires and when market conditions are conducive.

(iv) Tanzania Mortgage Refinance Company Limited

At the end of the year, the Bank had borrowed from Tanzania Mortgage Refinance Company Limited (TMRC) a renewable loan of TZS 1.7 billion maturing in 48 months and carries a fixed rate of 11.5% p.a. The effective interest rate is 11.5%. The loan was taken for the purpose of re-financing a portfolio of mortgage loans. The loan is secured by specific debenture over the portfolio of mortgage loans covering at least 125% of the loan amount. As at 31 December 2016 the balance was TZS 1.7 billion (2015: Nil).

32. CAPITAL AND RESERVES

	2016 TZS' Millions	2015 TZS' Millions
(i) Share capital		
Authorised		
625,000,000 ordinary shares of TZS 40 each	25,000	25,000
Called up and fully paid		
500,000,000 ordinary shares of TZS 40 each	20,000	20,000

(iii) Retained Earnings

Retained earnings consist of undistributed profits from previous years

(iii) Regulatory reserve

Regulatory reserve represents an amount set aside to cover additional provision for loan losses required in order to comply with the requirements of the Bank of Tanzania. This reserve is not available for distribution

(iv) General risk reserve

General risk reserve represents 1% provision charged on all performing loans in line with regulatory requirements of the Central Bank.

(iv) Other reserve

Other reserve represents the difference between the amount by which the non-controlling interest has been adjusted and the fair value of the consideration received with respect to purchase of Ohio Street Properties Limited.

(v) Fair valuation reserve

The reserve is made up of fair valuation of available for sale financial assets and liabilities. This reserve is not available for distribution to shareholders.

32. CAPITAL AND RESERVES (CONTINUED)

Movement in fair valuation reserve is as follows:

	2016 TZS' Millions	2015 TZS' Millions
At 1 January	(148)	(68)
Decrease during the year	(46)	(80)
At 31 December	(194)	(148)

33. CASH AND CASH EQUIVALENTS (GROUP AND BANK)

Cash and balances with Bank of Tanzania (Note 18)	950,181	972,106
Less: Statutory Minimum Reserves (Note 18)	(389,842)	(380,194)
Placement and balances with other banks (Note 19)	137,241	193,053
	697,580	784,965

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 91 days maturity from the date of acquisition including: cash and balances with Bank of Tanzania and Placement with other banks. Cash and cash equivalents exclude the cash reserve requirement held with the Bank of Tanzania.

34. NOTES TO THE STATEMENT OF CASH FLOWS

(a) GROUP

	Note	2016 TZS' Millions	2015 TZS' Millions
Operating activities			
Profit before tax		223,752	215,853
Adjustment for:			
Depreciation and amortization	14	24,855	17,381
(Profit)/loss on disposal of property and equipment	11	(390)	148
Loss on fair valuation of government security available for sale		46	80
Interest expense on borrowings	8	17,027	11,303
Interest income from government security available for sale	22(b)	(36)	(35)
Effect of movement in foreign exchange		3,612	60,526
		268,866	305,256
Movement in operating assets:			
Increase in Statutory Minimum Reserve		(9,648)	(53,882)
Increase in loans and advances to customers		(317,182)	(471,120)
(Increase)/decrease in other assets		(12,579)	18,947
Increase in deposits from customers		172,441	559,185
Increase/(decrease) in loans received from other banks		9,576	(3,644)
Increase/(decrease) in other liabilities		2,003	(16,434)
Decrease in provisions	30	(581)	(1,323)
Cash generated from operations		112,896	336,985

34 NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

(b) BANK

		2016 TZS' Millions	2015 TZS' Millions
Operating activities			
Profit before tax		221,424	217,328
Adjustment for:			
Depreciation and amortization	14	23,870	17,381
(Profit)/loss on disposal of property and equipment	11	(390)	148
Loss on fair valuation of government security available for sale	22(b)	46	80
Interest income on government security available for sale	22(b)	(36)	(35)
Interest expense on borrowings	8	17,027	11,303
Effect of movement in foreign exchange		3,612	60,526
		265,553	306,731
Movement in operating assets:			
Increase in Statutory Minimum Reserve		(9,648)	(53,882)
Increase in loans and advances to customers		(312,714)	(474,364)
(Increase)/decrease in other assets		(14,420)	19,234
Increase in deposits from customers		169,533	561,231
Increase/(decrease) in loans received from other banks		9,576	(3,644)
Increase/(decrease) in other liabilities		3,627	(18,034)
Decrease in provisions	30	(581)	(1,323)
		110,926	335,949
Cash generated from operations			

35 FINANCIAL INSTRUMENTS BY CATEGORY

(a) GROUP

	Loans and receivables TZS' Millions	Available for sale TZS' Millions	Total TZS' Millions
31 December 2016			
Financial assets			
Cash and balances with Bank of Tanzania	950,181	-	950,181
Investment securities at amortised cost	724,197	-	724,197
Investment securities available for sale	-	719	719
Placement and balances with other banks	137,241	-	137,241
Loans and advances to customers	2,774,464	-	2,774,464
Equity investments	-	1,740	1,740
Other assets (Excluding prepayment)*	29,083	-	29,083
	4,615,166	2,459	4,617,625

35 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

(b) BANK (CONTINUED)

	Loans and receivables TZS' Millions	Available for sale TZS' Millions	Total TZS' Millions
31 December 2015			
Cash and balances with Bank of Tanzania	972,106	-	972,106
Investment securities at amortised cost	672,540	-	672,540
Investment securities available for sale	-	729	729
Placement and balances with other banks	193,053	-	193,053
Loans and advances to customers	2,457,282	-	2,457,282
Equity investment	-	1,740	1,740
Other assets (excluding prepayment)*	20,390	-	20,390
	4,315,371	2,469	4,317,840

Financial liabilities at amortised cost	2016 TZS' Millions	2015 TZS' Millions
Deposits from customers	3,737,211	3,564,770
Deposits from banks	11,176	1,600
Borrowings	352,803	265,753
Other liabilities (Excluding non-financial liabilities)**	74,302	76,050
	4,175,492	3,908,173

*Prepayments are excluded from other assets balance, as this analysis is only for financial instruments only.

**Non-financial liabilities are excluded from other liabilities balance, as this analysis is for financial instruments only.

(b) BANK

	Loans and receivables TZS' Millions	Available for sale TZS' Millions	Total TZS' Millions
31 December 2016			
Financial assets			
Cash and balances with Bank of Tanzania	950,181	-	950,181
Investment securities at amortised cost	724,197	-	724,197
Investment securities available for sale	-	719	719
Placement and balances with other banks	137,241	-	137,241
Loans and advances to customers	2,794,467	-	2,794,467
Equity investments	-	1,740	1,740
Other assets (Excluding prepayment)*	24,269	-	24,269
	4,630,355	2,459	4,632,814

35 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

(a) GROUP (CONTINUED)

	Loans and receivables	Available for sale	Total
	TZS' Millions	TZS' Millions	TZS' Millions
Cash and balances with Bank of Tanzania	972,106	-	972,106
Investment securities at amortised cost	672,540	-	672,540
Investment securities available for sale	-	729	729
Placement and balances with other banks	193,053	-	193,053
Loans and advances to customers	2,481,753	-	2,481,753
Equity investment	-	1,740	1,740
Other assets (excluding prepayment)*	14,272	-	14,272
	4,333,724	2,469	4,336,193

Financial liabilities at amortised cost	2016 TZS' Millions	2015 TZS' Millions
Deposits from customers	3,737,404	3,567,871
Deposits from banks	11,176	1,600
Borrowings	352,803	265,753
Other liabilities (excluding non-financial other liabilities)**	72,932	76,209
	4,174,315	3,911,433

*Prepayments are excluded from other assets balance, as this analysis is only for financial instruments only.

**Non-financial liabilities are excluded from other liabilities balance, as this analysis is for financial instruments only.

36. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Loan commitments guarantee and other financial facilities

In common with other banks, the Bank conducts business involving acceptances, letters of credit, guarantees, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties.

As at 31 December 2016, the Bank had the contractual amounts of off-balance sheet financial instruments that commit it to extend credit to customers, guarantee and other facilities, as follows:-

	2016 TZS' Millions	2015 TZS' Millions
Commitments		
Guarantees and Indemnities	17,275	11,273
Undrawn Commitments	85,458	67,566
Acceptances and letters of credit	272,311	158,799
	375,044	237,638

36. CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

(a) Loan commitments guarantee and other financial facilities (Continued)

Acceptances and letters of credit

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Bank expects most acceptances to be presented, and reimbursement by the customer is normally immediate. Letters of credit commit the Bank to make payments to third parties, on production of documents, which are subsequently reimbursed by customers.

(b) Legal claims

Various ex-employees have sued the Bank for unfair dismissal. Furthermore, various previous loan customers are suing the Bank. With the exception of amounts disclosed in Note 30, the amounts claimed in both situations are not material and professional advice indicates that it is unlikely that any significant loss will arise.

(c) Capital commitments

As at 31 December 2016, the Bank had capital commitments of TZS 74,000 million (2015: TZS 69,789 million) in respect of new branches, branch remodeling, equipment and information technology. The expenditure contracted as at the end of reporting period but not yet incurred is as follows:

	2016 TZS' Millions	2015 TZS' Millions
Information technology	43,000	60,593
New branches	5,300	439
Branch and business centers remodeling	14,700	5,322
Others including equipment, vehicles and furniture	11,000	3,435
	74,000	69,789

The Bank's management is confident that future net revenues and funding will be sufficient to cover this commitment.

Operating Lease Commitments

Where the Bank is the lessee, the future minimum lease payments under non-cancellable operating leases are as follows:-

	2016 TZS' Millions	2015 TZS' Millions
Not later than 1 year	15,012	14,416
Later than 1 year and no later than 5 years	59,812	51,732
Later than 5 years	426,254	426,882
Total	501,079	493,030

37. EFFECTIVE INTEREST RATES OF FINANCIAL ASSETS AND LIABILITIES

The effective interest rates for the principal financial assets and liabilities at 31 December 2016 were as follows:

	2016	2015
Government securities	16.70%	14.50%
Deposits with banking institutions	16.50%	2.60%
Loans and advances to customers	17.35%	17.04%
Customer deposits	2.13%	1.70%
Deposits from banks	4.55%	1.74%
Borrowings	5.26%	5.95%

38. RELATED PARTY TRANSACTIONS

A number of banking transactions are entered into with related parties in the normal course of business. These include loans, deposits and foreign currency transactions.

The volumes of related party transactions, outstanding balances at year end, and related expense and income for the year are as follows:

(a) Loans and advances to related parties

At 31 December 2016 there were no loans issued to companies controlled by the Directors or their families. Advances to customers at 31 December 2016 include loans to key management personnel as follows:

	Key management personnel		Related companies	
	2016 TZS' Millions	2015 TZS' Millions	2016 TZS' Millions	2015 TZS' Millions
At start of year	1,243	1,192	24,471	21,328
Advanced during the year	500	193	-	5,072
Repaid during the year	(316)	(142)	(4,468)	(1,929)
At end of year	1,427	1,243	20,003	24,471
Interest income earned	125	105	2,041	1,988

No provisions have been recognised in respect of loans given to related parties (2015: Nil). Mortgage loans issued to key management were secured and the rest were unsecured. These loans carry off-market interest rates ranging between 5% and 9%. The Bank had advanced USD 12.3 million (2015: USD 7.3 million and 2013: USD 5 million) to its subsidiary Upanga Joint Venture Company Limited (UJVC) to meet costs of construction of its headquarters. The loan is repayable in 84 months and attracts a fixed interest rate of 8% p.a. (for the first three years) and floating rate at six months LIBOR + 7.5% p.a. from year four to the last year of the facility. As at the year end, outstanding loan balance was TZS 20,003 million equivalent to USD 9.2 million (2015: TZS 21,227 million equivalent to USD 12.3 million).

38 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Deposits from related parties

	Directors and key management personnel		Related companies	
	2016 TZS' Millions	2015 TZS' Millions	2016 TZS' Millions	2015 TZS' Millions
Deposits at the beginning of the year	123	305	3,101	4,717
Deposits received during the year	3,598	2,650	6,890	32,677
Deposits repaid during the year	(3,273)	(2,832)	(9,778)	(34,293)
Deposits as at the end of the year	448	123	213	3,101
Interest expense	2	8	-	1

The above deposits are unsecured, carry variable interest rate and are repayable on demand. Related companies included in this disclosure are Rabobank, Upanga Joint Venture Company Limited.

(c) Transactions and balances with related parties

During the year, the Bank made operating lease rent payments amounting to TZS 5.9 billion (2015: TZS 5.2 billion) to Upanga Joint Venture Limited. There were no outstanding lease payments at the end of the year (2015: Nil)

(d) Key management compensation

	2016 TZS' Millions	2015 TZS' Millions
Salaries and other short-term benefits	2,728	2,043
Post-employment benefits - defined contribution plan	307	249
	3,035	2,292

Key management personnel are described as those persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly. The compensation made to expatriates from Rabobank are included in the management service contract highlighted in part (e) below and therefore excluded in the above benefits.

38 RELATED PARTY TRANSACTIONS (CONTINUED)

(e) Transactions and balances with Rabobank

Based on the management service contract approved by the Board, a total of TZS 4,674 million (2015: TZS 6,051 million) was paid to Rabobank during the year as management and technical assistance expenses. Management fees payable as at year end was TZS 1,892 million (2015: TZS 1,268 million).

Nostro balances with Rabobank at year end amounted to TZS 2,763 million (2015: TZS 15,343 million). There was no inter-bank balance due to Rabobank as at year end. The Bank incurred expenses amounting to TZS 343 million (2015: TZS 307 million) refundable from Rabobank.

(f) Transactions and balances with Government of Tanzania

The Government of Tanzania owns 31.8% (2015: 31.8%) equity in the Bank and has significant influence. The Bank invested in government securities during the year and at the year end the amount receivable from the Government of Tanzania in the form of treasury bills and bonds amounted to TZS 724,916 million (2015: TZS 673,239 million). The Bank also accepts deposits from various Government institutions and agencies which do not attract interest.

(g) Directors' remuneration

Fees and other emoluments paid to Directors of the Bank during the period amounted to TZS 227 million (2015: TZS 298 million). Directors' attendance and remuneration list for the year 2015 is shown in the table below:-

DIRECTORS	BOARD MEETING	BARCC	BCC	BHR&RC	BEC	DIRECTORS FEE&REMUNERATION (TZS) 2015
WAKURUGENZI	KAMATI YA BODI	KAMATI YA BODI YA UK-AGUZI NA USIMAMIZI	KAMATI YA BODI YA MIKOPO	BODI YA RASILI-MALI WATU	KAMATI YA BODI YA DHARURA	MALIPO KWA WA KURUGENZI WA BODI KWA MWAKA 2015 (TZS)
Prof. Joseph Semboja	9	-	-	-	2	27,300,000
Mr. Albert Jonkergouw	9	-	12	5	2	25,750,000
Mr. Jos Van Lange	9	10	-	-	-	29,750,000
Mr. Protase Tehingisa	9	-	11	5	-	37,890,000
Mrs. Margaret Ikongo	9	-	-	5	-	31,580,000
Mr. William Mlaki	8	7	12	-	-	40,840,000
Mr. Mike Laiser	9	10	-	5	2	38,900,000
Mr. Leonard Mususa	9	10	13	-	-	44,430,000
Ms. Ineke Bussemaker	9	10	13	5	-	Not applicable

39 EVENTS AFTER THE REPORTING PERIOD

There were no events after the reporting period that had material impact to the consolidated and Bank financial statements.



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