



A LOOK BACK TO
LOOK FORWARD

TAFAKARI YALIYOPITA
KUJENGA MSTAKABALI





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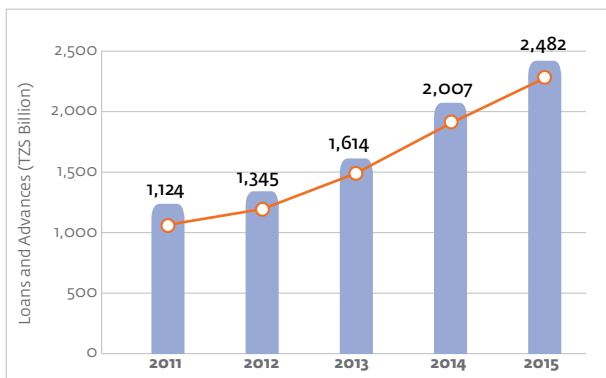
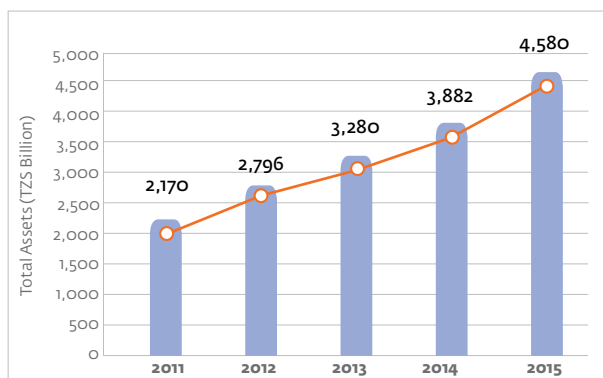
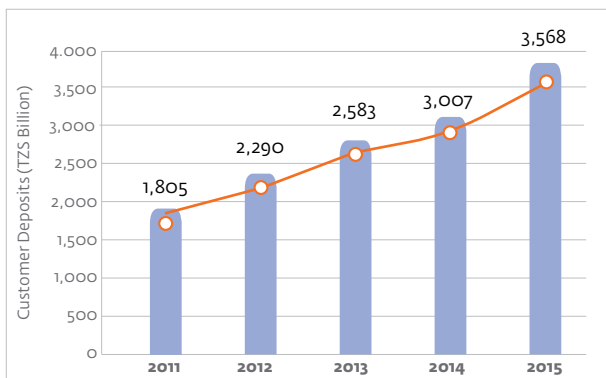
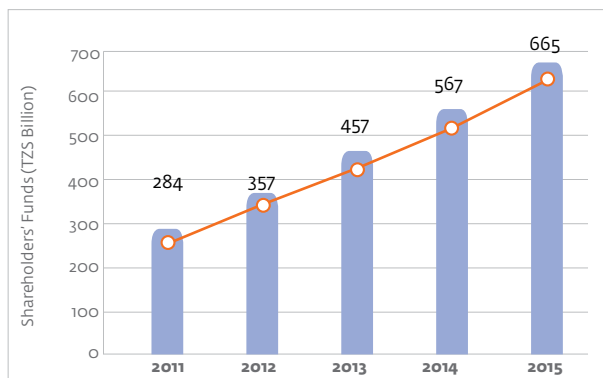
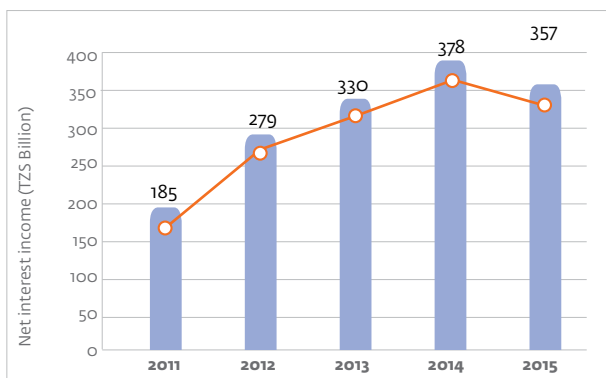
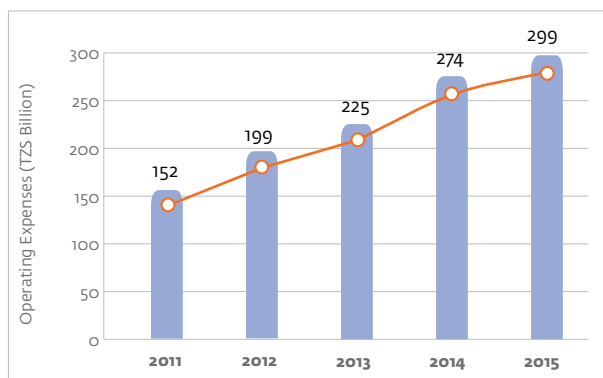
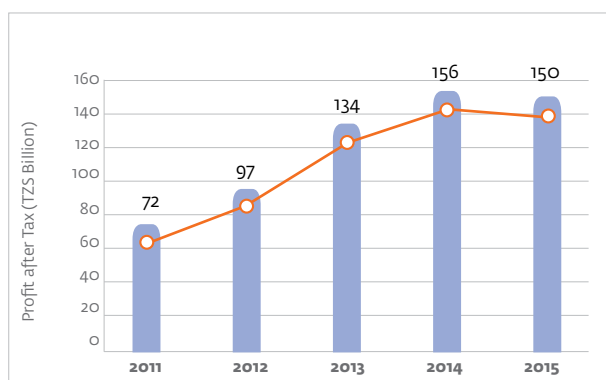
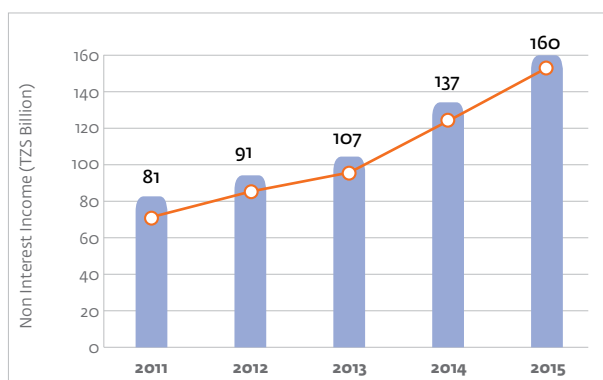
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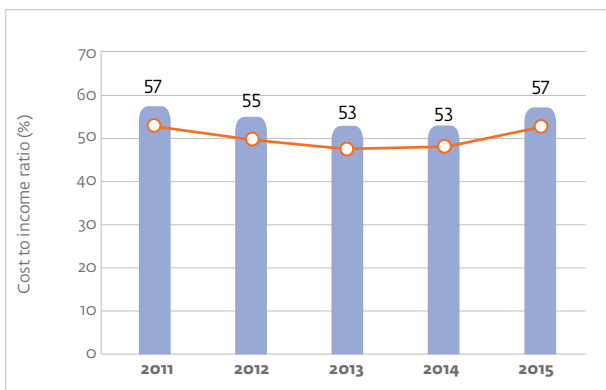
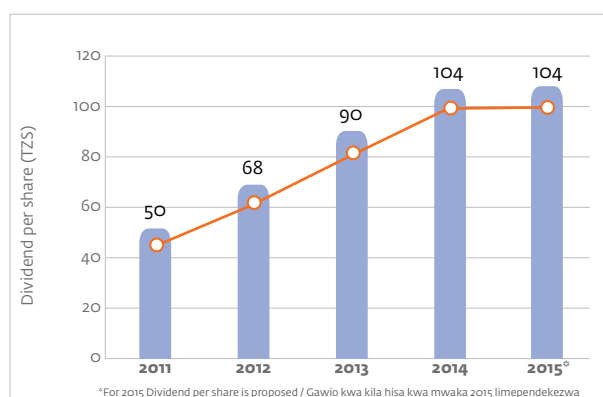
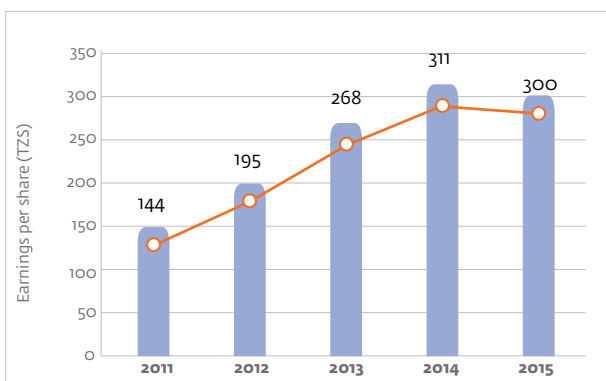
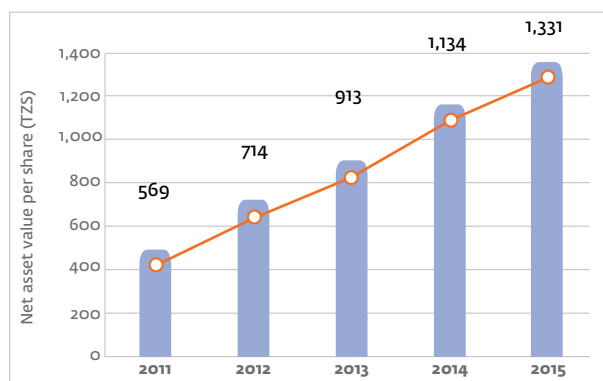
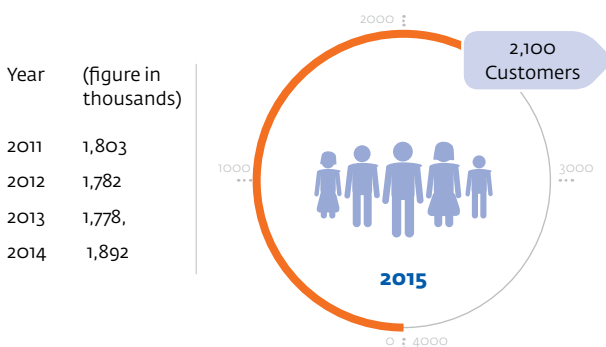
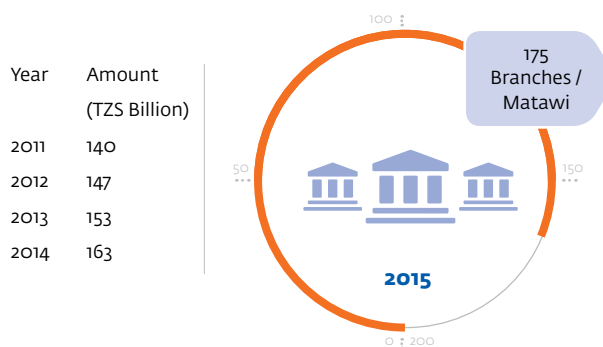
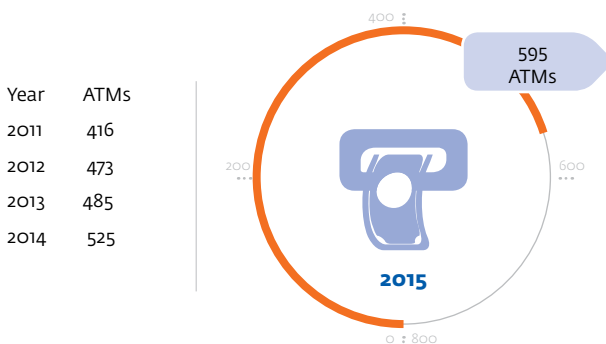
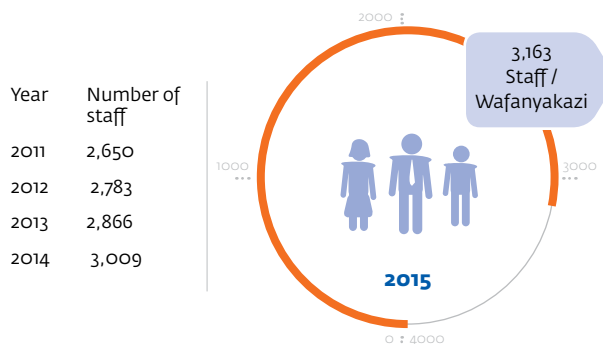


OUR BUSINESS
SHUGHULI ZA BIASHARA



***Hello,
how can we help?***

LOANS AND ADVANCES
MIKOPO YA WATEJA

TOTAL ASSETS
JUMLA YA RASILIMALI

TOTAL CUSTOMER DEPOSITS
JUMLA YA AMANA ZA WATEJA

SHAREHOLDERS' FUNDS
FEDHA ZA WANAHISA

NET INTEREST INCOME
MAPATO KAMILI YA RIBA

OPERATING EXPENSES
GHARAMA ZA UENDESHAJI

PROFIT AFTER TAX
FAIDA BAADA YA KODI

NON INTEREST INCOME
MAPATO YASIYOTOKANA NA RIBA


COST TO INCOME RATIO
UWIANO WA MATUMIZI NA MAPATO

DIVIDEND PER SHARE
GAWIO KWA KILA HISA

EARNINGS PER SHARE
PATO KWA KILA HISA

NET ASSET VALUE PER SHARE
THAMANI KAMILI KWA KILA HISA

NUMBER OF CUSTOMERS
IDADI YA WATEJA

NUMBER OF BRANCHES
IDADI YA MATAWI

NUMBER OF ATMS
IDADI YA ATM

NUMBER OF STAFF
IDADI YA WAFANYAKAZI


KEY FIGURES FOR THE FINANCIAL YEARS 2011-2015

		2011	2012	2013	2014	2015
Profitability						
Total Income	Tzs Million	266,594	359,138	422,171	488,119	527,383
Tax	Tzs Million	30,947	47,340	54,225	69,036	67,040
Operating expenses	Tzs Million	152,056	198,934	225,298	273,741	299,358
Net profit	Tzs Million	71,839	97,401	133,906	155,623	150,288
Solvency						
Total Assets	Tzs Million	2,170,250	2,796,347	3,280,186	3,881,995	4,580,091
Tier 1 capital	Tzs Million	227,435	329,688	421,804	523,312	592,195
Risk Weighted Assets (RWA)	Tzs Million	1,273,282	1,565,509	1,944,390	2,459,642	2,932,574
Other						
Customers		1,803,203	1,782,869	1,778,309	1,891,719	2,100,000
Branches		140	147	153	163	175
ATMs		416	473	485	525	595
Staff		2,650	2,702	2,783	3,004	3,163

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

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

* Capital adequacy ratios are calculated before dividend payments

SHARE PERFORMANCE

SHARE PERFORMANCE	FORMULAS	Units	2011	2012	2013	2014	2015
MWENENDO WA HISA	FOMULA						
Basic and diluted earnings per share	PAT/Number of shares in issue	Tzs	144	195	268	311	300
Dividends per share	Total dividend/ Number of shares in issue	Tzs	50	68	90	104	104
Closing share price	as per DSE	Tzs	850	1,120	2,620	3,400	2,500
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	2.87	2.98	2.99	2.89
Net asset value per share	Net assets/ Number of shares issue	Tzs	569	714	913	1,134	1,331
Dividend yield - ordinary dividend	Dividend per share/ closing price at DSE	%	6%	6%	3%	3%	4%
Earnings yield - ordinary dividend	PAT/closing of share price	%	17%	17%	10%	9%	12%
Price to Book ratio	Closing share price/ Net asset value per share	Times	1.49	1.57	2.87	3.00	1.88
Price: Earnings ratio - ordinary shares	Basic diluted earnings per share/closing share price	Times	5.92	5.74	9.78	10.93	8.32
Market capitalisation	Closing share price times No. shares in issue	Tzs Millions	425,000	560,000	1,310,000	1,700,000	1,250,000
Net Assets	Audited financials	Tzs Millions	284,359	356,954	456,666	567,221	665,429
Volume of shares transacted	DSE	Millions	23.0	8.7	11.0	12.1	3.9
Exchange weighted share price (Tzs)	DSE	Tzs	786	954	1,891	3,955	3,571

Abbreviations

PAT - Profit After Tax

DSE - Dar es Salaam Stock Exchange

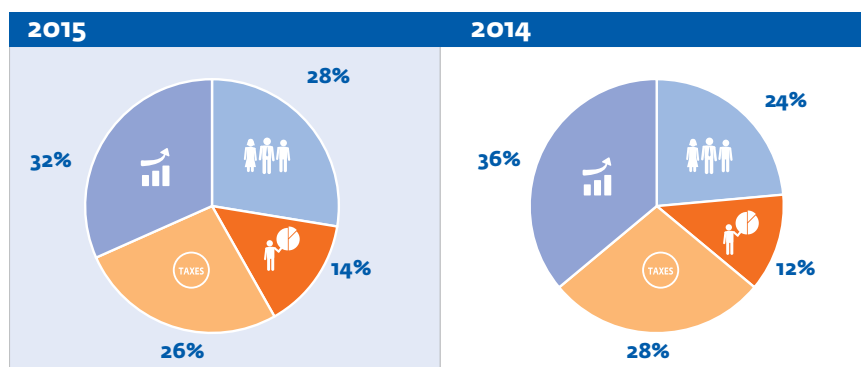
VALUE ADDED STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

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 2015

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

	2015	%	2014	%
	TZS' Millions		TZS' Millions	
Value added				
Ongezeko la thamani				
Income earned by providing banking services Mapato yaliyoyotokana na huduma za kibenki	553,131		527,383	
Cost of service Gharama ya huduma	(81,538)		(55,853)	
Value added by banking services Ongezeko la thamani kwa huduma za kibenki	471,593		471,530	
Non operating and other income and expenditures Mapato yasiyo ya gharama za uendeshaji na matumizi	(106,235)		(110,722)	
	365,358		360,808	
Value allocated				
Thamani zilizotengwa kwa ajili ya:				
To employees: Wafanyakazi:				
Salaries and other benefits Mishahara na marupurupu mengine	100,757	28%	85,008	24%
To providers of capital: Kwa wanahisa:				
Dividend to other shareholders Gawio kwa wanahisa	52,000	14%	45,000	12%
of which to Government ambayo kwa Serikali ni	16,526	5%	14,301	4%
To government Kwa Serikali Income Tax Kodi ya Mapato	67,040		69,036	
PAYE Kodi ya Ajira	24,828		23,485	
Skills development levy Ushuru wa ujuzi na maendeleo	5,064		8,200	
	96,932	27%	100,721	28%
To expansion and growth Upanuzi na Ukuaji wa benki Depreciation, deferred tax and retained earnings Uchakavu, kodi zinazotofautiana na mapato yaliyobakizwa	115,669	32%	130,079	36%
	365,358	100%	360,808	100%



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

OUR VISION
DIRA YETU

To be the preferred financial services partner in Tanzania

Kuwa mbia wa huduma za kifedha anayependelewa zaidi nchini Tanzania



OUR MISSION
AZMA YETU

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.

OUR VALUES
MAADILI YETU

WHAT DRIVES US
Eagerness & Ownership

KINACHOTUSUKUMA
Ari na Umiliki

WHAT BINDS US
Customer focus & Teamwork

KINACHOTUUNGANISHA
Tunamlenga Mteja na Ushirikiano Wetu

WHAT GUIDES US
Integrity & Compliance

MUONGOZO
Uadilifu na Utimilifu

PERFORMANCE & STRATEGY
UTENDAJI NA MIKAKATI



A portrait of Joseph Semboja, a middle-aged man with short grey hair, smiling. He is wearing a dark navy blue suit jacket over a light blue and white striped shirt and a yellow and blue striped tie. He is standing with his hands in his pockets. In the top left corner, there are two overlapping circles: a white one and an orange one. The name 'Joseph Semboja' is written in white text inside the orange circle.

Joseph Semboja

Chairman's Report

2015 saw the finalization of our new medium term plan which we have called "Vision 2020". We believe the plan to be ambitious in its targets and bold in its vision. The core of the plan is to take the Bank to the next stage of its development where we look to be a lean, technology driven and customer focused financial services provider

Taarifa ya Mwenyekiti

Mwaka 2015, tulikamilisha mpango mkakati wetu wa muda wa kati tulioita "Vision 2020". Tunaamini mpango huu una malengo mazuri na umejizatiti katika maono yake. Msingi wa mpango huo ni kuifikisha benki katika hatua nyingine ya maendeleo ambapo ni kutumia zaidi teknolojia katika kutimiza lengo la kutoa huduma bora za kifedha.

IT GIVES ME GREAT PLEASURE TO PRESENT TO YOU THE NMB ANNUAL REPORT FOR 2015, INCLUDING THE ENVIRONMENT WHICH AFFECTED OUR BUSINESS THIS PAST YEAR.

INTRODUCTION

The year 2015 saw the finalization of our new medium term plan which we have called "Vision 2020". We believe the plan to be ambitious in its targets and bold in its vision. The core of the plan is to take the Bank to the next stage of its development where we look to be a lean, technology driven and customer focused financial services provider. The successful execution of this strategy will deliver unrivalled customer experience that will lead to sustainable growth and enhanced shareholder value.

OPERATING ENVIRONMENT

The global economy took a knock in 2015. An economic slowdown in Asia, particularly in China, reduced global economic growth and caused sharp decline in commodity prices. This hurt commodity exporting countries from Brazil and Russia to South Africa and Nigeria and beyond. Despite these global macro-economic headwinds, Tanzania's economy showed resilience and achieved a real GDP growth rate of about 7% in 2015, in line with previous years.

The Tanzanian Shilling depreciated by about 22% against the US Dollar, falling from TZS 1,734 in December 2014 to TZS 2,155 in December 2015. The sharp depreciation was the result of a global strengthening of the US Dollar against almost all currencies that year. The long anticipated interest rate hike by the US Federal Reserve which finally happened in 2015, led to a global sell-off of emerging market assets and currencies as investors sought better and safer returns in the US Dollar denominated assets. The drop in the Tanzanian Shilling did not lead to a dramatic increase in inflation. This was largely due to the fact that oil prices, which constitute a significant portion of Tanzania's import bill, collapsed during the year, declining by more than 50%.

In the past year, interest rates remained relatively high, with the average Treasury bill yield rising from 16% in December 2014 to 18% in December 2015 as the Government tapped the local debt markets in order to attract funds to finance development projects.

NI HESHIMA KUBWA KWANGU KUWASILISHA TAARIFA YA MWAKA 2015, IKIWA NI PAMOJA NA MAZINGIRA AMBAYO YALIGUSA BIASHARA YETU MWAKA ULIOPITA.

UTANGULIZI

Mwaka 2015, tulikamilisha mpango mkakati wetu wa muda wa kati tuliouita "Vision 2020". Tunaamini mpango huu una malengo mazuri na umejizatiti katika maono yake. Msingi wa mpango huo ni kuipeleka benki katika hatua ya juu ya maendeleo ambayo ni kutumia zaidi teknolojia katika kutimiza lengo la kutoa huduma bora za kifedha. Mafanikio ya utekelezaji wa mkakati huu yatatoa fursa chanya kwa wateja na wanahisa.

MAZINGIRA YA UENDESHAJI

Mtikisiko wa kiuchumi uliikumba dunia mwaka 2015. Kudorora kwa uchumi katika Bara la Asia hususan China, kuliathiri kukua kwa uchumi wa dunia na kusababisha kuporomoka kwa kasi kwa bei ya bidhaa. Hali hiyo iliathiri uuzaji wa bidhaa nje ya nchi kutoka Brazil na Urusi hadi Afrika Kusini na kwingineko. Licha ya mtikisiko huu wa uchumi mkubwa ulimwenguni, uchumi wa Tanzania uliendelea kukua na kufikia ongezeko la wastani wa asilimia saba mwaka 2015 sawa na miaka iliopita.

Thamani ya Shilingi ya Tanzania ilishuka dhidi ya Dola ya Marekani kwa takriban asilimia 22 kutoka Shilingi 1,734 Desemba 2014 hadi Shilingi 2,155 Desemba 2015. Kushuka huko kwa kasi kulitokana na kuimarika kwa Dola ya Marekani dhidi ya sarafu karibu zote duniani katika mwaka huo. Ongezeko la riba ambalo lilikuwa linasubiriwa kwa muda mrefu ifanywe na Benki Kuu ya Marekani (US Federal Reserve) ambalo hatimaye lilifanyika mwaka 2015. Hili lilisababisha kuuzwa kwa bei ya chini mitaji na sarafu ya masoko yaliyokuwa yanachipukia na fedha kwa kuwa wawekezaji waliona kwamba ni salama zaidi kurejesha mali na mitaji yao katika sarafu ya Dola ya Marekani. Kushuka kwa thamani ya Shilingi ya Tanzania hakukusababisha kuongezeka kwa mfumuko wa bei. Hii ilisababishwa kwa kiasi kikubwa na ukweli kwamba bei ya mafuta ambayo inachukua nafasi kubwa ya bidhaa zinazoagizwa kutoka nje ya nchi, iliporomoka katika mwaka huo kwa zaidi ya asilimia 50.

Katika mwaka uliopita, riba ziliendelea kuwa juu. Wastani wa Hawala za Serikali uliongezeka kutoka asilimia 16 Desemba 2014 hadi kufikia asilimia 18 Desemba 2015 wakati Serikali ilipoamua kukopa katika soko la ndani ili kuwekeza katika miradi ya maendeleo.

FINANCIAL RESULTS

2015 saw the Bank report strong profit numbers although slightly less than last year. Heightened competition for customer deposits in the market and an increase in the Bank's operating expenses, contributed to a modest decline in profit after tax for 2015. NMB reported TZS 150.2 billion in profit after tax in 2015, down from TZS 155.6 billion in 2014.

During the previous year, NMB generated record high profits at the back of strong loan growth; high interest margins and low non-performing loans (NPLs). Although, the Bank realized good loan growth and low NPLs in 2015 too, a sharp increase in the cost of funding reduced the Bank's net interest margin for the year. Furthermore, a rise in general and administrative expenses due to higher US Dollar denominated costs resulted in an overall decline in profit after tax.

The Bank achieved a Return on Equity (ROE) of 23% and a Return on Assets (ROA) of 3% for the year despite the significant investment in our IT platform, payments processing and branch network support. NMB also remains very well capitalized with a capital adequacy ratio of 20%, well above the minimum regulatory requirement.

Despite uncertain global economic conditions and stiffening domestic competition, the solid performance exhibited by the Bank demonstrates our ability to continue to deliver substantial and sustained value for our shareholders and other stakeholders.

CORPORATE GOVERNANCE

Strong management and corporate governance continue to be key pillars of NMB.

In 2015 there were a few changes to the Board of Directors and Management. After 4 years of exemplary service, Mark Wiessing retired Managing Director of NMB. Mr. Wiessing accepted the position of CEO of Rabobank South America and will be based in Brazil. At the same time, the Bank welcomed Ms. Ineke Bussemaker as the new Managing Director. With over 30 years banking experience, Ms. Bussemaker brings with her a wealth of banking and leadership experience that will be instrumental in the execution of Vision 2020.

In June 2015, Ms. Anne Mbuguni, resigned from the Board. Ms. Mbuguni served the Board and the shareholders of NMB well during her tenure. We thank Ms. Mbuguni for her exemplary service.

MATOKEO YA KIFEDHA

Mwaka 2015 Benki ilipata faida nzuri japokuwa imekuwa ndogo kulinganisha na mwaka uliopita. Ushindani mkubwa wa kupata wateja katika soko na kuongezeka kwa gharama za uendesaji wa benki, vilichangia kupungua kwa faida baada ya kodi mwaka 2015. NMB ilipata faida ya Shilingi bilioni 150.2 baada ya kodi mwaka 2015 wakati mwaka 2014 faida iliyopitikana ilikuwa Shilingi bilioni 155.6.

Mwaka uliopita NMB ilipata faida kubwa ambayo kwa kiasi kikubwa ilitokana na kuongezeka kwa wigo wa ukopesaji; kiwango kikubwa cha riba na kiwango kidogo cha mikopo isiyoilipika (NPL). Japokuwa benki ilipata ongezeko kubwa la mikopo na kiwango kidogo cha NPL mwaka 2015, vilevile kulikuwa na ongezeko kubwa la gharama za riba ambazo zilipunguza kiwango halisi cha riba ya Benki kwa mwaka. Mbali na hilo, kuongezeka kwa gharama za jumla na za utawala kulikosababishwa na kupanda kwa gharama za kubadili Dola ya Marekani, kulisababisha kushuka kwa faida baada ya kodi.

Benki ilipata Rejesho la Uwekezaji (ROE) ya asilimia 23 na Rejesho la Rasilimali (ROA) la asilimia 3. NMB pia inaendelea kuimarika kimtaji kwa mtaji toshelevu wa uwiano wa asilimia 20, ambao ni juu ya kiwango cha chini kilichowekwa kwa mujibu wa mahitaji wa mamlaka za udhibiti.

Licha ya kuyumba kwa hali ya uchumi duniani na kuongezeka kwa ushindani wa ndani, mafanikio makubwa ambayo Benki imepata yanaonyesha uwezo wetu wa kuendelea kutoa huduma bora na endelevu kwa wanahisa na wadau wetu.

UTAWALA BORA

Menjimenti iliyo imara na kanuni bora za utawala vimeendelea kuwa nguzo kuu ya NMB.

Mwaka 2015 kulikuwa na mabadiliko madogo katika Bodi ya Wakurugenzi na Utawala. Baada ya kufanya kazi nzuri kwa miaka minne - Mark Wiessing alijiuzulu nafasi yake ya Mkurugenzi Mtendaji wa NMB. Bw. Wiessing ameteuliwa kuwa CEO wa Rabobank Amerika Kusini na makazi yake yatakuwa Brazil. Wakati huo, Benki inamkaribisha Bi. Ineke Bussemaker ambaye ni Mkurugenzi Mtendaji. Akiwa na uzoefu wa zaidi ya miaka 30 katika shughuli za kibenki, Bi. Bussemaker atatumia ujuzi wake wa masuala ya kibenki kama zana ya kuongoza utekelezaji wa Dira ya 2020 "Vision 2020."

Mwezi Juni 2015, Ms. Anne Mbuguni, alijiuzulu katika Bodi. Bi. Mbuguni alitumikia vyema Bodi na wanahisa wa NMB katika kipindi chake. Tunamshukuru Bi. Mbuguni kwa utendaji wake wa kupigiwa mfano.

The Board welcomed Mr. Leonard Mususa as a Board Director. Mr. Mususa brings with him significant business and leadership experience and has served on the boards of a number of 'Blue Chip' companies in the region. It is a privilege to have this valuable addition to the governance of the Bank.

DIVIDENDS

The Board continues to balance the maximization of shareholder value and the need to plough back funds into the business for future growth. As a demonstration of our continued confidence in the strength and sustainability of the Bank's balance sheet and potential earnings, the Board has recommended a dividend of TZS 104 per share, equivalent to TZS 52 billion (2014: TZS 104 per share) the same as last year.

OUTLOOK: 2016 AND BEYOND

2015 was a challenging year, how much as the Board remains confident about the period ahead. Analysts project Tanzania's GDP growth to be between 6-7% in 2016 stemming from on-going infrastructure development, relatively low oil prices and expanding services sector. The financial sector is expected to remain stable. We anticipate steady growth in our balance sheet; interest margins to remain solid, loan book quality to remain healthy and operating costs to stay in line. Overall, we expect another good year with growth in profits, in comparison with the previous year.

The outlook for the period beyond 2016 is positive. The Bank's objectives are to:

- A. Drive Financial Inclusion
- B. Strengthen Sme Lending
- C. Drive Financial Market Innovation
- D. Expand International Links
- E. Continue Partnership With The Government

Bodi ilimkaribisha Bw. Leonard Mususa kuwa Mkurugenzi wa Bodi. Bw. Mususa atatoa mchango wake kwenye Bodi kutokana na uzoefu wake mkubwa wa masuala ya kibiashara na uongozi kwani ameshawahi kuwa mjumbe wa bodi ya makampuni makubwa na yanayo heshimika. Ni heshima kubwa kwa Benki kuwa na Mtu kama huyo.

GAWIO

Bodi imeendelea kuwianisha ongezeko la thamani ya Wanahisa na kurejesha fedha kwa Wanahisa katika biashara kwa maendeleo ya baadaye. Kama kielelezo cha mwendelezo wa imani katika kuendeleza mizania na kuweza kuongeza mapato, Bodi imependekeza gawio la Shilingi 104 kwa hisa, sawa na Shilingi bilioni 52 (2014: Shilingi 104 kwa hisa) kama ilivyokuwa mwaka uliopita.

MTAZAMO: MWAKA 2016 NA KUENDELEA

Mwaka 2015 ulikuwa na changamoto. Hata hivyo, Bodi ina imani kwamba benki itafanya vizuri zaidi katika kipindi kijacho. Wachambuzi wanabashiri kukua kwa Pato la Taifa kati ya asilimia sita hadi saba mwaka 2016 kutokana na ujenzi wa miundombinu unaoendelea, sambamba na kushuka kwa bei ya mafuta na kutanuka kwa sekta ya utoaji wa huduma. Sekta ya kifedha inatarajiwa kuendelea kutengemaa. Tunatarajia kukua kwa mizania yetu; kiwango cha riba kutengemaa, ubora wa mikopo yetu kuendelea kuwa katika hali nzuri na gharama za uendeshaji kubaki kama zilivyopangwa. Kwa ujumla, tunatarajia kuwa na mwaka mwingine mzuri ukiwa na ongezeko la faida kulinganisha na mwaka uliopita.

Kuna matarajio chanya kwa mwaka 2016 na kuendelea. Malengo ya Benki ni:

- A. Kusimamia ushirikishaji kifedha
- B. Kuimarisha ukopesaji wa wajasiliamali wadogo
- C. Kuimarisha ubinufu katika soko la kifedha
- D. Kupanua muunganisho wa kimataifa
- E. Kuendelea kushirikiana na Serikali

MARKING OUR 10 YEAR ANNIVERSARY

2015 marked the 10th anniversary of National Microfinance Bank in its current incarnation. From the early days of it being carved out of the former National Bank of Commerce Limited, NMB has undergone a remarkable transformation to what it is today.

When the Bank started operations with a 100 branches, a significant number of those were in a deplorable state. We have invested tens of billions of shillings as part of our "Sura Mpya" project to refurbish and renovate our branch network. As at the end of December 2015, 91 of the 98 branches that were identified under the project had been refurbished. Today, shareholders, customers and staff can see and feel a remarkable difference regarding how the branches look and feel.

In 2014, the Bank piloted "NMB Wakala" as part of the Bank's agency banking strategy. Our aim is to utilize agents to expand our reach to customers throughout the country and serve them more conveniently and at lower cost. As at the end of 2015, about 500 agents had been recruited in partnership with 3rd parties. The Bank aims to recruit several hundred more in the coming period in order to serve as many customers as possible.

Modernization has always been a key component in the execution of Bank's goal to deliver state-of-the-art financial services across the country. Over the years, a number of initiatives have been implemented to provide the readiness required to grow the business. NMB was the first bank in Tanzania to launch a mobile banking solution with NMB Mobile in 2010. Today, NMB Mobile has over 1 million users; allowing customers to make transfers, pay bills, check their balance, top up their phone credit and much more all from their mobile phone.

KUADHIMISHA MIAKA YETU 10

Mwaka 2015, tuliadhimisha miaka 10 ya benki - National Microfinance Bank ikiwa yenye mafanikio. Kwa kulinganisha na mwanzo kipindi benki ilipoundwa kutoka iliyokuwa Benki ya Taifa ya Biashara, NMB imepitia mabadiliko makubwa hadi kuwa kama ilivyo hivi sasa.

Ilianza kwa kuwa na matawi 100, bila mashine za ATM, idadi ndogo ya wakopaji na kimsingi ikiwa imeanzishwa kwaajili ya benki ilipoanza kazi zake na matawi 100 huku mengi yake yakiwa katika hali mbaya, tumewekeza mabilioni ya fedha za kitanzania kama sehemu ya mradi wetu wa 'sura mpya' kukarabati mtandao wa matawi. Mwishoni mwa kwaka 2015, matawi 91 kati ya 98 yaliyokuwa kwenye mradi, tayari yalikuwa yamekarabatiwa na kupewa muonekano mpya. Leo wanahisa, wateja na wafanyakazi wanaona tofauti kubwa wa jinsi matawi yalivyo sasa.

Mwaka 2014, benki ilifanya majaribio ya 'NMB Wakala' kama sehemu ya mpango mkakati wa huduma mbadala za kibenki. Nia yetu ni kutumia mawakala kutanua zaidi huduma zetu kwa wateja nchi nzima na kuwahudumia kwa nafasi na kwa gharama nafuu. Mpaka mwishoni mwa mwaka 2015, zaidi ya mawakala 500 walikuwa wamesajiliwa kwa kushirikiana na makampuni mengine. Benki inampango wa kusajili mamia ya mawakala kwa mwaka ujao ili kuhudumia wateja wengi iwezekanavyo.

Usasa imekuwa nyenzo muhimu sana katika kutekeleza malengo ya benki katika kutoa huduma bora na za kisasa za kifedha nchini kote. Kwa miaka kadhaa sasa, mikakati mbalimbali imetekelezwa ili kutoa utayari wa benki kukuza biashara. NMB ilikuwa benki ya kwanza nchini kuanzisha huduma ya kutumia simu ya mkononi kupata huduma za kibenki kwa kuanzisha NMB mobile mwaka 2010. Leo hii,

The last 10 years have been a remarkable journey for the Bank. We have been able to achieve great things commercially and operationally and in doing so we have managed to serve our customers well and generate significant value for our shareholders.

CONCLUSION

In closing, I would like to express my profound gratitude to the stakeholders that have enabled us to make such incredible progress over the years. Thank you to my Board Directors, the Management team and staff of NMB for their hard work, our customers for their continued support and our shareholders who have believed in us throughout our journey.

Thank you.



Prof. Joseph Semboja
Chairman

watumiaji wa NMB mobile wanafikia zaidi ya milioni moja; ikiwawezesha wateja kuhamisha fedha, kuangalia salio, kulipia huduma mbalimbali, kununua muda wa maongezi wa simu zao na huduma nyingine – zote kupitia simu ya mkononi.

Miaka 10 iliyopita imekuwa ni safari yenye mafanikio kwa benki. Tumefanikiwa kupata mafanikio chanya mengi kibiashara na kiutendaji na kwa kufanya hivyo, tumefanikiwa kuwahudumia wateja wetu vyema na kutengeneza faida nzuri kwa wanahisa wetu.

HITIMISHO

Kwa kuhitimisha, napenda kutoa shukrani zangu za dhati kwa wadau ambao wametuwzesha kupiga hatua hii kubwa ya mafanikio kwa miaka yote. Ninaishukuru Bodi yangu ya Wakurugenzi, timu nzima ya Menejimenti na wafanyakazi wa NMB kwa kujituma kwao, wateja wetu kwa kuendelea kutuunga mkono na wanahisa ambao wameendelea kutuamini katika muda wote wa safari yetu.

Ahsanteni



Prof. Joseph Semboja
Mwenyekiti

A portrait of Ineke Bussemaker, a woman with short blonde hair, smiling and standing with her arms crossed. She is wearing a light pink blazer over a white top and light-colored trousers. The background is a solid light orange color. In the top left corner, there are two overlapping circles: a white one and an orange one. The name 'Ineke Bussemaker' is written in white text inside the orange circle.

Ineke Bussemaker

Managing Director's **Report**

We have transitioned from a pure retail bank with a very limited product range to a full-service commercial bank with a full suite of banking products catering to individuals, small enterprises, corporates and the Government.

Taarifa ya Mkurugenzi Mtendaji

Tumebadilika kutoka kuwa benki ya wateja wadogo mpaka kuwa benki kamili ya biashara ikitoa huduma zote kuanzia za wateja binafsi, wafanyabiashara wadogo, wakubwa na Serikali.

I AM DELIGHTED TO PRESENT TO YOU NMB'S BUSINESS HIGHLIGHTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015.

HIGHLIGHTS

2015 was a year of challenging macro economic and business environment. However the Bank managed to produce good overall results given the circumstances and we made progress in strategic objectives.

During the year, NMB opened 12 new branches and installed 50 new ATMs. This is consistent with our goal of continuing to expand our network. The branches and ATMs will allow us to better serve our customers throughout the country. Another highlight was the launch of NMB's MasterCard debit card. Our partnership with MasterCard will allow our customers to pay easily and securely by card, domestically, internationally and online. We expect to generate additional transaction fees by opening up our ATM network, which is currently "closed", to non-NMB customers with Visa and MasterCard acquiring.

In July, we relocated to our new Head Office in the centre of Dar Es Salaam. The building's unique architecture and modern interior design is widely admired; both NMB staff and our customers have expressed great pride in the positive image our new home is giving to the world. We were fortunate to have the building officially opened in October 2015 by His Excellency Former President Jakaya Mrisho Kikwete.

Lastly, in 2015, we marked our 10 year anniversary. The Bank in its current incarnation was formed following the breakup of National Bank of Commerce Limited. With the entry of Rabobank in 2005 as a strategic shareholder, the Bank has gone through a massive transformation. We have grown our customer base from just a few hundred thousand to over 2 million today. We have transitioned from a pure retail bank with a very limited product range to a full-service commercial bank with a full suite of banking products catering to individuals, small enterprises, corporates and the Government.

Into 2005 we had 100 branches, no ATMs, a small loan book and primarily processing salary payments. NMB today is one of the leading players in the market. Since 2005, our branch network has grown to 175 branches covering almost the entire country. The ATM network which was launched in 2007 with 100 ATMs now has 595 ATMs. Financially, the Bank's profit after tax has grown by 500% from TZS 25 billion in 2005 to TZS 150 billion in 2015.

NINAYO FURAHA KUWASILISHA MUHTASARI NA TAARIFA YA SHUGHULI ZA BENKI PAMOJA NA TAARIFA YA FEDHA KWA MWAKA UNAOISHIA DESEMBA 31, 2015.

MAMBO MUHIMU

Mwaka 2015 ulikuwa ni mwaka wenye changamoto hasa katika mazingira ya kufanyia biashara. Hata hivyo, Benki ilipata matokeo mazuri kwa ujumla licha mazingira hayo.

Katika mwaka huo, NMB ilifungua matawi mapya 12 na kuongeza ATM mpya 50. Hii inakwenda sambamba na malengo yetu ya kuendelea kuwekeza kwenye mtandao wa matawi na ATM. Matawi na ATM hizo zitatuwezesha tuweze kuendelea kutoa huduma bora kwa wateja wetu nchi nzima. Jambo jingine ni uzinduzi wa NMB MasterCard. Ushirikiano wetu na MasterCard utawawezesha wateja wetu kulipa kirahisi na kuhakikishiwa usalama wa kadi, kitaifa, kimataifa na hata mitandaoni. Tunatarajia kupata kipato zaidi kwa kufungua ATM zetu kwa wateja wa benki zingine ambazo kwa sasa zimefungwa kwa wateja wasio wa NMB wenye kadi za Visa na MasterCard.

Mwezi Julai, tuliamia kwenye jengo jipya la makao makuu yaliyopo katikati ya jiji la Dar es Salaam. Usanifu wa kipekee wa jengo hilo na usanifu wa kisasa wa ndani ni vitu vinavyowavutia wafanyakazi wa NMB na wateja wetu wameonyesha kufurahishwa na makao yetu mapya ambayo yanatoa taswira chanya kwa watu mbalimbali. Pia tulipata bahati ya jengo letu kufunguliwa rasmi mwezi Oktoba 2015 na Mheshimiwa Rais Mstaafu - Jakaya Mrisho Kikwete.

Mwisho, mwaka 2015 tuliadhimisha miaka 10 ya benki tangu kubinafsishwa. NMB ilianzishwa baada ya kuvunjwa kwa Benki ya Taifa ya Biashara. Benki ya Rabobank ilijiunga NMB kwa kununua hisa mwaka 2005, Benki imepitia mabadiliko makubwa tangu ilipobinafsishwa miaka 10 iliyopita. Idadi ya wateja iliongezeka kutoka laki chache hadi kufikia zaidi ya milioni mbili. Tumepiga hatua kutoka kuwa benki ya wateja wadogo mpaka kuwa benki kamili ya biashara ikitoa huduma zote kuanzia za wateja binafsi, wafanyabiashara wadogo, wakubwa na Serikali.

Wakati NMB inabinafsishwa mwaka 2005, tukiwa na matawi 100, bila kuwa na ATM, idadi ndogo ya wakopaji na kimsingi ilikuwa ikitumika kupitishia mishahara ya wafanyakazi wa serikali. Leo hii, NMB ni moja ya benki inayoongoza nchini. Tangu mwaka 2005, mtandao wetu wa matawi umekua hadi kufikia matawi 175 yaliyosambaa karibu kila kona ya nchi. Mtandao wa ATM ambao ulizinduliwa mwaka 2007 ukiwa na mashine 100 za ATM, sasa una ATM 595. Faida ya benki baada ya kodi imeongezeka kwa asilimia 500 kutoka Shilingi bilioni 25 mwaka 2005 hadi kufikia Shilingi bilioni 150 mwaka 2015.

MACRO-ECONOMIC OVERVIEW

The country and the region faced a number of challenges in 2015 that consequently affected the overall economic growth and the business environment.

The global economy grew 2.4% in 2015 according to the World Bank, down from 2.6% in 2014. The slowdown was largely driven by slower growth from emerging markets, particularly China. The deceleration in China pushed down global commodity prices which in turn had a negative impact on many commodity exporting countries.

In contrast to the slowdown in China and other emerging markets, the United States showed economic strength, growing at 2.5% for the year, faster than the Euro Area and Japan which grew at 1.5% and 0.8% respectively. US growth encouraged the first interest rate hike by the US Federal Reserve since June 2006, when in December it raised base rates by 25 basis points. The much anticipated rate hike was the leading factor driving the strengthening of the US Dollar against almost all currencies in 2015, as investors in emerging markets sold-off their assets and bought US Dollar denominated assets. As a result of this portfolio re-balancing, emerging market currencies suffered steep declines versus the US Dollar. The Tanzanian Shilling depreciated by about 22% against the US Dollar in 2015. Although sizable, this was a smaller depreciation than that of many other emerging market currencies such as the Zambian Kwacha (down 45%), Russian Rubble (down 30%) or Brazilian Real (down 47%).

Despite these global economic headwinds, the Tanzanian economy showed resilience and managed to grow about at 7% for the year, ranking it among the top economic performers on the continent.

Inflation in 2015 edged upwards to 6.8% by December 2015 driven by higher food prices and the increased cost of manufactured imports due to the Shilling's depreciation against the US Dollar. The stock of gross official reserves at the Bank of Tanzania (BOT) amounted to \$4,094 million at the end of December 2015, sufficient to cover about 4 months of projected imports of goods and services (another sign of macro-economic stability).

MTAZAMO WA KIUCHUMI

Taifa na ukanda wote ulikabiliwa na changamoto kadhaa mwaka 2015 ambazo kimsingi ziliathiri ukuaji kiuchumi na mazingira ya kibiashara.

Kwa mujibu wa Benki ya Dunia, uchumi wa dunia ulikua kwa asilimia 2.4 mwaka 2015 ambao ni chini kulinganisha na 2.6% mwaka 2014. Kudorora huko kwa kiasi kikubwa kulichangiwa na kasi ndogo ya kukua kwa masoko mapya hususan China. Kupungua huko kwa kasi ya China kuliporomosha bei ya bidhaa ulimwenguni jambo ambalo lilikuwa na athari kubwa kwa nchi zilizokuwa zikiuza bidhaa nje.

Kinyume chake, wakati uchumi wa China na masoko mengine yanayochipukia ukidorora, uchumi wa Marekani ulionyesha kuimarika kwani ulikua kwa asilimia 2.5 mwaka huo, ikiwa ni ukuaji wa haraka zaidi ya Eneo la Ulaya na Japan ambako ulikuwa kwa asilimia 1.5 na 0.8. Kukua kwa uchumi wa Marekani ulisababisha ongezeko kubwa la kwanza la riba zilizotangazwa na Benki Kuu ya Marekani (US Federal Reserve), tangu Juni 2006. Ongezeko hilo la mwaka 2015 lilikuwa na alama 25 na ilisababisha dola ya Marekani kuimarika dhidi ya sarafu karibu zote. Wawekezaji waliuza rasilimali zao katika soko na kununua zile za Dola ya Marekani. Matokeo yake, uwiano wa sarafu katika masoko mengine uliporomoka kwa kiasi kikubwa dhidi ya Dola ya Marekani. Shilingi ya Tanzania ilishuka thamani dhidi ya Dola ya Marekani kwa takriban asilimia 22 mwaka 2015. Japokuwa ni kiwango kikubwa, kiwango hicho kilikuwa ni kidogo kulinganisha na sarafu katika masoko mengine kama Kwacha ya Zambia (iliyoporomoka kwa asilimia 45), Rubble ya Urusi (iliyoporomoka kwa asilimia 30) au Real ya Brazil (iliyoporomoka kwa asilimia 47).

Licha ya kuyumba kwa uchumi wa dunia, uchumi wa Tanzania uliweza kuhisatamili na hivyo kukua kwa wastani wa asilimia 7 kwa mwaka huo, na kuifanya kuwa moja ya nchi zilizofanya vyema kiuchumi katika bara la Afrika.

Mfumuko wa bei mwaka 2015 uliokua hadi asilimia 6.8 Desemba 2015, ulichangiwa na kuongezeka kwa bei ya chakula na kuongezeka kwa gharama za bidhaa za nje kutokana na kushuka thamani ya Shilingi dhidi ya Dola ya Marekani. Hazina ya Taifa katika Benki Kuu ya Tanzania (BoT), ilifikia Dola milioni 4,094 mwishoni mwa Desemba 2015, ambayo ilikuwa na uwezo wa kukidhi kwa miezi minne, ununuzi wa bidhaa kutoka nje na huduma (hicho ni kielelezo cha kuimarika kwa viashiria vikubwa vya kiuchumi).

MICRO-ECONOMIC DEVELOPMENTS

The Bank of Tanzania (BOT) maintained a relatively tight monetary policy throughout the year. The interest rate environment was largely favourable to banks as interest rates remained high. Yields on Government Treasury bills rose from 10% in December 2014 to over 18% in December 2015 pushed up as the Government tapped the local debt market to help finance its budget plans.

Liquidity was relatively tight at the beginning of the year following moderate net fiscal outlays and the after-effects of tight monetary policy measures pursued by the BOT in the previous period in order to contain inflation and excessive volatility of the shilling exchange rate against the US dollar.

The liquidity situation started to improve in August 2015, largely due to government outlays, and interbank rate declined before rising in October 2015 following increased demand for currency in circulation mostly related to general election activities.

BANK'S PERFORMANCE

Despite the business challenges we faced the Bank managed to deliver a good performance. The Bank's balance sheet expanded 18% year on year from TZS 3,882 billion in 2014 to TZS 4,580 billion in 2015. Total loans and advances grew 24% from TZS 2,007 billion in 2014 to TZS 2,482 billion in 2015 driven largely by growth in our Salary Worker Loan portfolio. Customer deposits grew 19% from TZS 3,007 billion in 2014 to TZS 3,568 billion in 2015. The growth in deposits came largely from growth in Fixed-term deposits and growth in trust account balances from Mobile Network Operators (MNOs).

The quality of the loan book remained very healthy, with the NPL ratio declining from 2.8% in 2014 to 2.4% in 2015. The Bank's capital base also remained robust, with the Bank reporting a Total Capital Adequacy Ratio of 22% for 2015 and Tier 1 Capital Ratio of 20%.

Despite the strong balance sheet performance, the Bank reported a modest decline in Profits after Tax (PAT) for the 2015; at TZS 150.2 billion (down from TZS 156 billion in 2014). The fall in net profits is attributable to a decline in our

MAENDELEO YA VIASHIRIA VIDOGO VYA KIUCHUMI

BOT imeendelea kusimamia kikamilifu sera ya fedha kwa mwaka mzima. Mazingira ya riba yalikuwa nafuu kwa mabanki kwa sababu iliendelea kuwa juu. Mapato yatokanayo na Hatifungani za Serikali yalipanda kutoka asilimia 10 Desemba 2014 hadi zaidi ya asilimia 18 Desemba 2015 wakati Serikali ilipoamua kukopa katika soko la ndani ili kusaidia kukidhi mipango yake ya bajeti.

Ukwasi ulikuwa mgumu mwanzoni wa mwaka kutokana na matumizi ya Serikali kuwa ya wastani na baada ya athari zilizosababishwa na sera za BOT za kusimamia na kudhibiti mfumuko wa bei na kuendelea kushuka thamani ya Shilingi ya Tanzania dhidi ya Dola ya Marekani.

Hali ya ukwasi ilianza kuimarika Agosti, 2015 kwa kiwango kikubwa sababu ikiwa ni matumizi ya Serikali, riba baina ya mabanki kushuka kabla ya kupanda Oktoba 2015 kutokana na kuongezeka kwa mahitaji ya sarafu katika mzunguko ambako kwa kiasi kikubwa kulichangiwa na shughuli za Uchaguzi Mkuu.

UTENDAJI WA BENKI

Mbali ya changamoto za kibiashara tulizokabiliana nazo, Benki ilipata mafanikio kuridhisha. Mizania ya Benki iliongezeka kwa asilimia 18, mwaka kwa mwaka kutoka Shilingi bilioni 3,882 mwaka 2014 hadi Shilingi bilioni 4,580 mwaka 2015. Jumla ya mikopo na karadha iliongezeka kwa asilimia 24 kutoka Shilingi bilioni 2,007 mwaka 2014 hadi Shilingi bilioni 2,482 mwaka 2015 ikichangiwa kwa kiasi kikubwa na Mikopo ya Wafanyakazi kutokana na Mshahara. Kiwango cha amana za wateja kiliongezeka kwa asilimia 19 kutoka Shilingi bilioni 3,007 mwaka 2014 hadi Shilingi bilioni 3,568 mwaka 2015. Kuongezeka kwa kiwango cha uwekaji amana kulitokana kwa kiwango kikubwa na amana za muda maalumu na kuongezeka kwa Uendeshaji wa Huduma za Mtandao wa Simu (MNO).

Ubora wa mikopo utaendelea kuwa nzuri sana, kwani kiwango cha madeni yasiyolipika (NPL) kilishuka kutoka asilimia 2.8 mwaka 2014 hadi asilimia 2.4 mwaka 2015. Mtaji uliendelea kuimarika huku benki ikiwa na Kiwango Toshelezi cha Mtaji cha asilimia 22 na Kiwango Toshelezi cha Safu cha asilimia 20.

Licha ya kuwa na mizania bora, faida ya Benki baada ya kodi (PAT) kwa mwaka 2015 ilipungua kidogo kwani ilipata Shilingi bilioni 150.2 (pungufu kutoka Shilingi bilioni 156 zilizopatikana mwaka 2014). Kupungua kwa faida kumechangiwa na kupungua kwa kiwango chetu cha riba

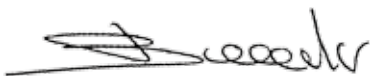
interest margins in 2015. Interest margin on earning assets fell from 14% in 2014 to 13% in 2015. The Fixed-term deposits and MNO trust account balances that we acquired during the year came at a higher cost, our overall cost of funds rose resulting in a decline in overall interest margins.

The Bank reported a Net Interest Income (NII) of TZS 370 billion in 2015 versus TZS 378 billion in 2014. This fall in NII more than offset the growth in Net fee and commission income that the Bank managed to generate in 2015 (TZS 114 billion versus TZS 110 billion in 2014). Furthermore, the Bank's operating expenses rose. Employee expenses rose from TZS 117 billion in 2014 to TZS 131 billion in 2015 pushed up by an increase in staff numbers and annual inflation adjustments. General and administrative expenses also rose from TZS 138 billion in 2014 to TZS 151 billion in 2015.

OUTLOOK

The economic outlook remains optimistic and the economy is expected to continue growing at the projected 7%. The growth will be driven by continued investment in infrastructure, an expansion in private and public sector construction activities, growing manufacturing, moderate global oil prices and an expected gradual improvement of the global economy.

Competition in the banking sector is set to remain tight. In 2016, the Bank will continue to focus on managing liquidity while driving loan growth, transactional volumes and launching innovative customer solutions. In order to maintain our momentum in these endeavours we will concentrate on a number of specific strategic focus areas: deposit mobilization, growing alternative channels and customer centricity. I am confident that NMB will continue to be the leading bank in Tanzania.



Ineke Bussemaker
Managing Director

mwaka 2015. Kiwango cha riba kwa mitaji kilipungua kutoka asilimia 14 mwaka 2014 hadi asilimia 13 mwaka 2015. Amana za muda maalumu na amana za kampuni za simu zilikuwa na gharama kubwa, gharama za jumla za amana zetu zilipanda na kusababisha kuwa na pato yaliyotokana na riba. Katika Mapato Halisi ya Riba (NII), Benki ilipata Shilingi bilioni 370 mwaka 2015 kulinganisha Shilingi bilioni 378 mwaka 2014.

Kushuka kwa mapato halisi ya riba kulifidiwa na faida ya mapato mengine ambayo Benki ilifanikiwa kukusanya mwaka 2015 (Shilingi bilioni 114 dhidi ya Shilingi bilioni 110 mwaka 2014). Aidha, gharama za uendeshaji wa Benki nazo ziliongezeka. Gharama za waajiriwa ziliongezeka kutoka Shilingi bilioni 117 mwaka 2014 hadi Shilingi bilioni 131 mwaka 2015 sababu ikiwa ni kuongezeka kwa wafanyakazi na urekebishaji wa masilahi uliotokana na mfumuko wa bei kwa mwaka. Matumizi ya jumla na ya kiutawala pia yaliongezeka kutoka Shilingi bilioni 138 mwaka 2014 hadi Shilingi bilioni 151 mwaka 2015.

MTAZAMO

Uchumi unatarajiwa kuendelea kukua kwa kiwango kilichotarajiwa cha asilimia saba. Ukuaji huo utasukumwa na jitihada za uwekezaji katika miundombinu, kupanuka kwa ujenzi katika sekta binafsi na umma, kukua kwa uzalishaji wa viwandani, kuimarika kwa bei ya mafuta duniani na kupunguwa kwa uchumi wa dunia.

Ushindani katika sekta ya benki unatarajiwa kuendelea kuwa mkali. Mwaka 2016, Benki itaendelea kujikita katika kudhibiti ukwasi huku ikiongeza wigo wake wa utoaji wa mikopo, shughuli za miamala na kuibua huduma mbalimbali zenye manufaa kwa wateja. Ili kuendelea na kasi yetu katika hili, tutajikita katika maeneo mahsusi ya mpango mkakati; uhamasishaji uwekaji amana, kuimarisha njia mbadala za huduma za kibenki na kuwa tegemeo la wateja. Nina uhakika kwamba NMB itaendelea kuwa benki inayoongoza Tanzania.



Ineke Bussemaker
Mkurugenzi Mtendaji

BUSINESS & OPERATIONAL REVIEW

TATHMINI ZA SHUGHULI ZA BENKI



RETAIL BANKING

The Retail Banking business line consists of Personal Banking (individuals including civil servants) and Business Banking (micro, small & medium sized enterprises). We provide a full range of lending, transactional and savings solutions, supported by strategic investments in technology to enhance our services.

The use of technology has been instrumental to the bank's achievements; in 2015, the Bank continued to provide its customers with alternative onboarding and transactional channels through the use of Mobile Network Operators (MNO's) and approved agencies through the NMB Wakala services.

The department is set to continue designing and developing customer specific solutions whilst increasing customer engagements. The unit will continue utilizing the modern technological platform to ease the banking hassles for our customers.

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 a specialised Transactional Banking Services team.

Business units within the department are:

1. Corporate Banking
2. Transactional Banking
3. Institutional Banking
4. Government Business

TREASURY

The Treasury department manages the Bank's liquidity position as well as our participation in the local money and foreign exchange markets.

The foreign exchange business performed very well in 2015; with an increase in the revenue generated and number of customer foreign exchange transactions.

Comprehensive training of key branch staff and establishment of "FX Champions" in over 100 NMB branches amplified the level of foreign exchange business generated across our branch network for both Retail and Business Banking.

IDARA YA WATEJA WADOGO

Shughuli za Kibenki kwa Wateja Wadogo zinahusisha Wateja Binafsi (watu binafsi wakiwamo watumishi wa umma) na Shughuli za Kibenki kwa wafanyabiashara (wafanyabiashara wadogo na wa kati). Tunatoa mikopo ya aina mbalimbali, suluhisho la miamala na uwekaji akiba hivi vyote vikichagizwa na uwekezaji katika teknolojia ili kuboresha huduma zetu. Mikopo kwa wateja iliongezeka hadi kufikia Shilingi bilioni 1,462 ikiwa ni ongezeko la asilimia 28 ya Shilingi bilioni 1,146 kwa mwaka uliopita. Hii ilitokana na ongezeko kubwa la Mikopo ya Wafanyakazi inayotokana na Mishahara (SWL) wengi wao wakiwa ni watumishi wa serikali.

Matumizi ya teknolojia yamekuwa nguzo kuu ya mafanikio ya benki, kwa mwaka 2015, Benki iliendelea kutoa huduma mbadala za kibenki kupitia Mitandao ya Simu za mikononi (MNO) na NMB Wakala kwa kutumia mawakala wa Maximalipo waliothibitishwa.

Idara imejipanga kuendeleza ubunifu utakaotoa suluhisho mahsusi kwa wateja wakati huohuo ikiongeza ushirikishwaji wa wateja. Idara kitaendelea kutumia teknolojia za kisasa kupunguza adha za kibenki kwa wateja wetu.

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 mahsusi ya Huduma za Miamala ya Kibenki.

1. Vitengo ndani ya Idara ni:
2. Wateja wa makampuni
3. Huduma za Miamala ya Kibenki
4. Huduma za Kibenki Kitaasisi
5. Biashara na Serikali

IDARA YA HAZINA

Idara ya Hazina ndiyo inayosimamia ukwasi wa Benki ikiwa ni pamoja na ushiriki wake katika masoko ya fedha za ndani na za kigeni.

Biashara ya ubadilishaji wa fedha za kigeni ilifanya vizuri mwaka 2015; pamoja na ongezeko la mapato liliotokana na kuongezeka kwa wateja wa miamala ya fedha za kigeni.

AGRIBUSINESS

Having previously been part of the Wholesale Banking department, the Agribusiness department commenced in 2015 as a distinct business department.

During the year, the Agribusiness department extended financing to smallholder farmers through Agriculture Marketing Cooperatives (AMCOS); emerging farmers; commercial farmers; processors and agri-traders. The crop financing was mostly provided for cashew nut production, tobacco growing and coffee through agriculture input financing schemes and the Warehouse Receipt System.

The Department's strategy going forward, will be to increase the number of crops for which we provide financing and to make use so-called value chain financing as strategic approach to expanding our participation in the sector.

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.

A number of key strategic projects were completed in 2015. For example, NMB's new Head Office was completed in July 2015.

Digitization and operational excellence remain core to our strategy. In 2015, the Bank launched a smartphone app which has greatly improved user experience compared to the existing SMS based mobile banking solutions. For example, cash collections transactions can be completed on the Bank's smartphone app and are updated in the client's system in real time, eliminating manual reconciliations.

IDARA YA BIASHARA YA KILIMO

Awali ilikuwa sehemu ya Idara ya Wateja Wakubwa na Serikali. Idara ya Biashara za Kilimo kwa mwaka 2015 ilianza kujitegemea kama idara kamili.

Kwa kuanzia, Idara ya Biashara za Kilimo ilipanua wigo wa utoaji wa huduma za kifedha kwa wakulima wadogo kupitia Vyama vya Ushirika (AMCOS); wakulima wanaoinukia; wakulima wa kibiashara; wachakataji na wafanyabiashara za kilimo. Biashara ya kilimo awali iliangalia mazao machache kama korosho, tumbaku na kahawa kupitia mpango wa kugharamia pembejeo za kilimo na Mfumo wa Stakabadhi Ghalani.

Mkakati wa idara hii katika siku zijazo ni kuongeza idadi ya mazao tunayoyawezesha kifedha na kufanikisha kile kinachoitwa thamani ya mnyororo wa kifedha ikiwa ni mkakati wa kupanua ushiriki wetu katika sekta ya kilimo.

IDARA YA TEHAMA

Idara ya TEHAMA ina jukumu la kujenga mfumo bora wa teknolojia utakaoendana na kazi za Benki. Aidha, idara hii pia hutoa huduma kwenye vitengo na idara za ndani za benki.

Miradi muhimu na ya kimkakati ilitekelezwa mwaka 2015. Mfano, jengo jipya la makao makuu ya NMB lilikamilika mwezi wa saba 2015.

Malengo yetu makuu yanabaki kuwa ni kufanya kazi ki digitali. Mwaka 2015, Benki pia ilizindua kiunganishi cha mtandao wa simu ambacho kimeongeza na kurahisisha kwa kiwango kikubwa matumizi ikilinganishwa na SMS katika shughuli za kibenki kwa kutumia mtandao wa simu. Kwa mfano, muamala wa kukusanya fedha unaweza kufanywa kwa kutumia kiunganishi cha mtandao wa simu cha benki na ambacho unafanya uhakiki wa mfumo wa mteja kwa wakati na kuondoa makosa ambayo yangefanywa kama kazi hiyo ingefanywa kwa mkono.

HUMAN RESOURCES

In 2015, a total of 331 appointments were made of which 78% were internal candidates. This reflects our belief in growing our people and promoting internally. As at 31st December 2015 the bank's staff turnover was 1% per quarter, below the industry average of 2%.

In line with our non-discrimination policy, we are seeking to diversity the senior levels of the bank. The NMB Women's Forum will be formally launched in 2016 to provide a platform where challenges and issues faced by women in the bank can be addressed. We believe that having a diverse group of voices at the top is the best way to manage the bank, hence our goal of increasing the number of women in senior leadership roles within the bank.

Our HR Department comprises of the following units:

1. Learning and Development
2. Employee Relations
3. HR Shared Services

EMPLOYEE WELFARE

There were continued good labor relations between the Bank's Management and the Trade Union. Consultative dialogue continued to be held and there are no unresolved issues.

Management concluded an Employee Opinion Survey whose results highlighted key areas to be prioritized to support the bank's ambition of becoming the leading employer in the market.

REWARDS AND BENEFITS

Management continued to ensure that our remuneration practices are aligned to those of our banking peers and in this regard, the bank participated in an industry wide salary and benefits survey in 2015. The output of the market salary survey determines our internal pay structures. The Bank was recognized as an overall winner by the Parastatal Pension Fund (PPF) for timely remittance of members' contribution for the 2015 financial year.

LEARNING AND DEVELOPMENT

In 2015, we provided our employees with a number of professional development opportunities. Over TZS 3.5 billion was invested in various training and development programs spanning leadership, sales, service as well as technical skills. Management has established an E-learning platform to ensure that all staff receive the required training online to compliment classroom based training.

RASILIMALI WATU

Mwaka 2015, jumla ya ajira 331 zilitolewa kati ya hizo, asilimia 78 zilikuwa za waombaji wa ndani. Hii inatoa picha halisi ya imani yetu katika kukuza watu wetu na kuwapandisha vyeo. Hadi Desemba 31, 2015 asilimia za wafanyakazi kuacha kazi ilikuwa asilimia moja kwa robo mwaka kiasi ambacho ni chini ya wastani katika soko ambao ni asilimia mbili.

Kwa kuzingatia sera yetu ya usawa, tunampango wa kuwa tofauti linapokuja suala la nafasi za juu katika benki. Jukwaa la Wanawake la NMB linategemewa kuzinduliwa rasmi mwaka 2016 na hivyo kutoa fursa ya kujadili changamoto na masuala mbalimbali yanayowakabili wanawake. Tunaamini kuwa na sauti za makundi mbalimbali katika ngazi za juu ndiyo njia bora ya kuendesha benki, na ndilo lengo letu linalolenga kuongeza idadi ya wanawake katika ngazi za juu za uongozi wa benki.

Idara ya Rasilimali Watu inavitengo vifataavyo:

1. Mafunzo na Maendeleo ya wafanyakazi
2. Mahusiano ya Wafanyakazi
3. Huduma na Maslahi ya Wafanyakazi

USTAWI WA WAFANYAKAZI

Kumekuwa na maelewano na uhusiano mzuri wa kikazi kati ya Menejimenti ya Benki na Chama cha Wafanyakazi. Mashauriano yameendelea kufanyika na hakujawa na suala ambalo mpaka sasa limeshindwa kupatiwa ufumbuzi.

Utawala umekamilisha kukusanya Maoni ya Wafanyakazi ambayo matokeo yake yamebainisha maeneo muhimu yatakayopewa kipaumbele katika kusaidia nia ya benki ya kuwa mwajiri bora nchini.

MASLAHI KWA WAFANYAKAZI

Menejimenti imeendelea kuhakikisha kwamba utaratibu wa marupurupu kwa wafanyakazi unakwenda sambamba na misingi ya kibenki na katika hilo, benki imeshiriki katika utafiti wa mishahara na mafao wa mwaka 2015. Matokeo ya utafiti huo ndiyo yanayoamua mfumo wa malipo yetu ya ndani. Mwaka 2015, Benki ilitambuliwa kama mshindi wa jumla na Shirika la Mfuko wa Hifadhi ya Jamii (PPF) kwa kulipa michango ya wafanyakazi kwa wakati na kwa wingi.

KUENDELEZA WAFANYAKAZI KIMASOMO

Mwaka 2015, tulitoa fursa ya kuwaendeleza kitaaluma wafanyakazi wetu kadhaa. Zaidi ya Shilingi bilioni 3.5 ziliwekezwa katika mafunzo mbalimbali na programu za maendeleo ya uongozi, mauzo, huduma pamoja na mafunzo ya kiufundi. Uongozi wa benki umeanzisha mafunzo kwa njia ya mtandao (E-learning) ili kuhakikisha kwamba wafanyakazi wote wanapata mafunzo stahiki kama ambavyo wangepata katika mfumo wa mafunzo ya darasani.

Mpango wa Benki wa Kulipia Masomo unaendelea kufanya kazi. Unawapa wafanyakazi wetu fursa ya kujiunga

The Bank's Bursary Scheme continues to operate. It gives our employees the opportunity to enroll for banking certification programs offered in collaboration with Tanzania Institute of Bankers and other related banking institutions continue to benefit our staff. As of 31 Dec 2015, 143 employees had participated in the scheme.

RISK

The Risk function provides independent oversight and control on the bank's operational, credit, market, compliance and other risks.

We are committed to continually re-evaluating and enhancing risk management policies and practices. In last 3 years we have implemented initiatives and developed new tools in order to mitigate some risks and further strengthen security. The Bank is now integrated with the Credit Reference Bureau (CRB) system which provides borrower information and credit history. This has also resulted in the automation of the credit reference checks.

FINANCE

The Finance division is tasked to produce reliable periodic financial Statements for strategic decision across various business divisions in driving their businesses.

In the course of 2015 the finance team was once again recognised by the National Board of Accountants and Auditors (NBAA) for the Best Presented Financial Statements by a financial institution in Tanzania.

Efforts are underway to continue improving the bank's management information system (MIS) in support of the various business divisions' strategies.

INTERNAL AUDIT

The Internal Audit (IA) function 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, IA conducts audits of key risk areas of the bank's operations at branches and head office, 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 IA function has been confirmed by an external quality assessor to conduct audits in line with the Institute of Internal Auditors (IIA) standards.

na programu mbalimbali za kibenki zinazotolewa kwa kushirikiana na Taasisi ya Mabenki Tanzania na taasisi nyingine zinazohusiana na masuala ya kibenki ili kuendelea kuwanufaisha wafanyakazi wetu. Hadi kufikia Desemba 31 2015, wafanyakazi 143 walishiriki katika mpango huo.

IDARA YA UDHIBITI WA ATHARI

Idara ya Udhhibiti wa Athari husimamia utendaji wa benki, mikopo, masoko, ikibali na athari nyingine zinazoweza ikumba benki.

Tumedhamiria kufanya tathmini ya mara kwa mara na kuboresha sera za udhibiti wa athari na utendaji wake. Katika miaka mitatu iliyopita, tumeendelea kuimarisha mipango na kubuni njia mpya ili kupunguza athari na kuimarisha usimamizi.

Hivi sasa Benki imejiunga na mfumo wa Credit Reference Bureau (CRB) ambao unatoa taarifa za mkopaji na historia yake teknolojia ambayo imerahisisha utafutaji wa taarifa za mteja kufanywa kidigitali zaidi.

KITENGO CHA FEDHA

Kitengo cha Fedha kina jukumu la kutengeneza taarifa za kifedha ambazo zina tumika na idara mbalimbali kuendeshea shughuli zao.

Idara ya fedha ya NMB kwa mwaka 2015, ilipata tuzo kama taasisi iliyo toa taarifa bora za kifedha kwa mara nyingine katika kundi la taasisi za kifedha iliyotolewa na Bodi ya Uhasibu na Ukaguzi wa Mahesabu (NBAA).

Jitihada ziko mbioni ili kuendelea kuboresha mfumo wa MIS wa Benki ili kusaidia mikakati ya shughuli za vitengo mbalimbali.

UKAGUZI WA NDANI

Kitengo cha Ukaguzi wa Ndani (IA), kiutendaji kinawajibika kutoa taarifa zake kwa Bodi ya Wakurugenzi kupitia kamati ya bodi ya ukaguzi, athari na ikibali na hutoa ushauri kwa Bodi na Menejimenti juu ya ufanisi wa usimamiaji wa athari, udhibiti na mlolongo wa utawala.

IA hufanya ukaguzi wa maeneo muhimu ya athari kwenye matawi yote na makao makuu kwa kufuata muongozo uliopo katika mpango wa mwaka wa ukaguzi wa athari na kutoa mapendekezo ya namna ya kuboresha usimamizi wa athari pamoja na michakato ya uthibiti na utawala. Vipengele vyote vya ukaguzi hufuatiliwa kupitia shughuli za ukaguzi wa ndani kwa lengo la kuhakikisha kwamba ukaguzi huo unakamilika kwa muda uliopangwa.

Ukaguzi wa Ndani (IA) hufanyiwa tathmini na wataalamu wa kujitegemea wenye sifa na kutoa mapendekezo kama ukaguzi wa ndani ulifanyika kulingana na viwango vya Taasisi ya Wakaguzi wa Ndani (Institute of Internal Auditors – IIA) nchini.

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

UENDELEVU NA WAJIBU WA
KAMPUNI KWA JAMII



CORPORATE SOCIAL RESPONSIBILITY (CSR)

NMB supports a number of community development projects with the aim to improve the welfare of the people in the communities the Bank serves. Over the last 5 years the bank has consistently allocated about 1% of its annual profit after taxes to Corporate Social Responsibility (CSR) initiatives.

CSR COMMITTEE

The CSR Committee provides guidance and support for key CSR issues and initiatives. The committee is comprised of some members of the Management Team and is chaired by the Managing Director. The committee ensures that the Bank supports projects that are aligned to our company's values.

CSR STRATEGY

1. FINANCIAL LITERACY

In 2012, NMB initiated a large financial literacy program with each of our branches adopting 2 to 3 schools in their vicinity with a view to train the school children on money matters such as saving and borrowing.

In November 2015, the Bank signed a memorandum of understanding (MOU) with the Women's World Banking (WWB), a non-profit organization providing strategic support to banks in developing economies.

In collaboration with WWB, the Bank planned to launch a youth savings proposition in 2016, WAJIBU – Jifunze, Jipange, Wajibika, with the goal of making financial services accessible to young Tanzanians and help achieve the Bank's objective of raising financial inclusion in the country. NMB is uniquely positioned to serve the youth market given its footprint, name recognition, school relationships and existing commitment to building financial capability.

Through WAJIBU, primary, secondary and university students will be equipped with basic saving skills. The program will be formally launched in March 2016.

2. SCHOOL SUPPORT

Since 2012, the Bank has donated desks and used computers to more than 330 government funded primary and secondary schools. We have committed ourselves to support the government achieve part of its target by providing 15,000 desks over a period of 5

WAJIBU WA KAMPUNI KWA JAMII (CSR)

NMB inasaidia miradi kadhaa ya maendeleo kwa lengo la kuinua ustawi wa wananchi katika maeneo ambayo Benki inatoa huduma. Bila kukosa, kwa zaidi ya miaka mitano, Benki imekuwa ikitenga asilimia moja ya faida yake kwa mwaka baada ya kodi kwa shughuli za Uwajibikaji wa benki kwa Jamii (CSR).

KAMATI YA CSR

Kamati ya CSR inatoa mwongozo na kusaidia katika masuala ya msingi ya CSR. Baadhi ya wajumbe wa kamati wanatoka katika Menejimenti na mwenyekiti wake ni Mkurugenzi Mtendaji wa NMB. Kamati ina wajibu wa kuhakikisha miradi inayoifadhili ni ile ambayo inaendana na mwongozo wa kampuni kuhusu wajibu kwa jamii.

MKAKATI WA CSR

1. ELIMU YA HUDUMA ZA FEDHA

Mnamo mwaka 2012, NMB ilianza programu kubwa ya elimu ya kifedha ambapo kila tawi lilichagua shule mbili hadi tatu za karibu kwa ajili ya kufundisha wanafunzi masuala yanayohusu fedha kama vile kuweka akiba na kukopa.

Novemba 2015, Benki ilitia saina makubaliano ya awali (MOU) na taasisi ya Wanawake ya Masuala ya Kibenki Duniani (WWB), kwaajili ya kutoa msaada wa kimkakati wa mabanki kwa ajili ya maendeleo ya kiuchumi.

Kwa kushirikiana na WWB, Benki imepanga kuanzisha mpango wa uwekaji akiba kwa vijana mwaka 2016, WAJIBU – Jifunze, Jipange, Wajibika, ukiwa na lengo la kufanya huduma za kifedha kufikiwa na vijana wa Kitanzania na kusaidia kufikia malengo ya benki. Kipekee, NMB imejipanga kuhudumia soko la vijana kwa kuzingatia wayo (foot print), utambuzi wa jina, uhusiano wa shule na wajibu uliopo katika kujenga uwezo wa kifedha.

Kupitia WAJIBU, wanafunzi wa shule za msingi, sekondari na vyo vikuu watawezesha kupatiwa elimu juu ya misingi ya uwekaji wa akiba. Programu hiyo itazinduliwa rasmi Machi, 2016.

2. MISAADA MASHULENI

Tangu mwaka 2012, Benki imekuwa ikichangia madawati na kompyuta zilizotumika kwa zaidi ya shule 330 za msingi na sekondari za Serikali. Tumedhamiria kuunga mkono jitihada za Serikali kufikia sehemu ya malengo yake kwa kutoa madawati 15,000 katika

years. In 2015, NMB contributed over 7,000 school desks to over 140 primary and secondary schools.

NMB is also committed to help the government in supporting school libraries, construction of toilets in schools as well as supply of laboratory tools for secondary schools

3. HEALTH SECTOR SUPPORT

Over the years, the Bank has focused some CSR resources on providing of Tanzania's medical facilities with hospital beds for in-patients and delivery beds for mothers. In 2015, NMB donated TZS 200 million to 30 hospitals, allowing the purchase of hospital and delivery beds.

4. NATURAL DISASTER SUPPORT

NMB continues to actively support victims of natural disasters. In 2015, the Bank provided disaster relief to flooding victims in Hai, Geita and Kahama.

EMPLOYEE ENGAGEMENT

NMB is committed to putting employees at the heart of CSR programs by engaging them and supporting their own resourcefulness. The Bank encourages and promotes staff interest in giving back to the communities we serve. In 2015, the Bank launched a scheme whereby the Bank would match up to TZS 1,000,000 raised by a group of NMB staff. Furthermore, NMB staff are encouraged to use their expertise to offer support to communities, for example the NMB ICT team assist in providing immediate computer connectivity and start-up training to schools where we provide used computers.

Through these CSR programs, NMB will continue to build on its success of the past years to help make our communities a better place to live in.

kipindi cha miaka mitano. Mwaka 2015, NMB ilichangia zaidi ya madawati 7,000 katika zaidi ya shule 140 za msingi na sekondari.

NMB pia imedhamiria kusaidiana na Serikali katika suala zima la maktaba za shule, ujenzi wa vyoo pamoja na vifaa vya maabara katika shule za sekondari.

3. MSAADA KATIKA SEKTA YA AFYA

Kwa miaka mingi, Benki imeelekeza rasilimali zake kwa ajili ya CSR kwa kusaidia huduma za kitabibu Tanzania kwa kutoa vitanda vya wagonjwa wanaolazwa na vya kina mama kwa ajili ya kujifungulia. Mwaka 2015, NMB ilichangia Shilingi milioni 200 katika hospitali 30 kuziwezesha kununulia vitanda vya kawaida na vile vya kujifungulia.

4. MAJANGA YA ASILI

NMB inaendelea kutoa misaada kwa waathirika wa majanga ya mbalimbali ya asili. Mwaka 2015, Benki ilitoa misaada kwa waathirika wa mafuriko katika wilaya za Hai, Geita na Kahama.

USHIRIKI WA WAFANYAKAZI

NMB imedhamiria kuwaweka wafanyakazi karibu kwa kuwa na moyo wa kutoa na kusaidia jamii. Benki inawatia moyo na kuwasaidia wafanyakazi wake kutoa kwa ajili ya jamii tunayoihudumia. Mwaka 2015, Benki ilizindua mpango kwa ajili ya kuamsha moyo wa wafanyakazi kutoa kwa ajili ya jamii kwa kuchangia Shilingi 1,000,000 ambazo zingetolewa na kila kikundi cha wafanyakazi wa NMB huku ikiwatia moyo pia kutumia utaalamu wao kuzisaidia jamii. Kwa mfano, kikosi cha Teknolojia ya Habari na Mawasiliano cha NMB kinatoa msaada wa uunganishaji wa kompyuta na uanzishaji wa masomo katika shule ambazo benki imesaidia kompyuta zilizotumika.

Kupitia programu hizi za CSR, NMB itaendelea kujijengea mafanikio iliyopata katika miaka ya nyuma kwa lengo la kuzifanya jamii zetu kuwa na sehemu bora ya kuishi.

CORPORATE GOVERNANCE & SUSTAINABILITY

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 targets 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 risk appetite statement sets out principles, objectives and measurements to utilise NMB's costly and scarce resources: its balance sheet, its capital and its reputation. 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 avoids risks which might endanger continuity or damage its business model. NMB has a tradition and culture of prudent risk policies. It is risk aware and utilises its scarce resources carefully and economically. 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 of occurrence of operational losses. A contributor to this is also the centralisation of some of the high risk back-office processes, particularly in the credit area.

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.

UTANGULIZI

DIRA YA NMB NI KUWA BENKI INAYOPENDWA ZAIDI TANZANIA. MALENGO YAKE MAKUBWA 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 athari 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 uthubutu inaonyesha kanuni, malengo na vipimo vya jinsi ya kutumia raslimali za NMB ambazo ni za gharama kubwa na haba, yaani: mizania yake, mtaji wake na sifa yake. Taarifa hii ya kiwango cha uthubutu inajikita katika maeneo ya mikopo, utendaji na masoko.

Mwendelezo ni muhimu kwa NMB. Kwa uhakika wa mwendelezo, Ukwasi na sifa ya benki ni jambo la kipaumbele. NMB inaepuka mazingira ambayo yanaweza kuhatarisha mwendelezo au kuvuruga muundo wa kufanya biashara. NMB ina desturi na utamaduni wa kuwa na sera nzuri za kudhibiti athari. Benki iko makini katika suala la hatari ya kupata hasara na inatumia rasilimali zake chache kwa umakini. 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. Uthabiti huu lazima uimarishwe kwa kuwapo udhibiti ili kupunguza uwezekano wa matukio yanayosababisha hasara. Sambamba na hili, ni lazima kuweka pamoja baadhi ya shughuli hususani kwenye mikopo.

MFUMO WA UDHIBITI WA ATHARI

MKAKATI WA MFUMO

Mkakati wa Mfumo 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.

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 aspiration.

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.

SELECTIVE RISK ACCEPTANCE

In developing or designing new products and activities, NMB always considers the interest of the customer, as well as safeguarding NMB's reputation and the avoidance of sizeable losses. Approval of new products are only given by the Product Approval Committee. NMB operates in full awareness of its fiduciary duty towards its customer. NMB demands full Know Your Customer (KYC) compliance for adequate understanding of each customer, right from time of opening of bank accounts to the point of accessing of other banking services including credits. Transactions are monitored to ensure compliance with Anti-Money Laundering (AML) guidelines and regulations.

RISK MANAGEMENT AND MEASUREMENT

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. This process is designed to manage rather than eliminate, the risk of failure to achieve the bank's business objectives, and can only provide reasonable, and not absolute, assurance against material loss.

At the highest level, the Board of Directors acknowledges its overall responsibility for the process of risk management, as well as in reviewing its effectiveness. The Board approves the risk appetite, risk strategy, and risk policies along with the embedded limits.

The Managing Director, Chief Risk Officer and the rest of the Management Team are assisted by key advisory and governance committees such as the Loan Portfolio

MKAKATI WA UDHIBITI WA ATHARI

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 yataathiri matarajio yake na kuhatarisha jambo hili.

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.

ATHARI ZINAZOWEZA KUKUBALIKA

Katika kuendeleza au kubuni bidhaa na shughuli mpya wakati wote NMB huzingatia masilahi ya wateja, huku ikilinda sifa yake sambamba na kuepuka kupata hasara kubwa. Kuidhinishwa kwa bidhaa mpya kunaweza kutolewa tu na Kamati ya Kuidhinisha Bidhaa. NMB katika kuendesha shughuli zake iko makini linapokuja suala la wajibu wake kwa wateja kifedha. NMB inahitaji utekelezaji kikamilifu wa mkakati wa Mjue Mteja Wako – Know Your Customer (KYC) kwa kumuelewa vizuri mteja kuanzia pale anapofungua akaunti hadi anapoanza kutumia huduma nyingine za kibenki ikiwa ni pamoja na mikopo. Miamala inafuatiliwa ili kutekeleza miongozo na kanuni za Kupambana na Utakatishaji Fedha - Anti- Money Laundering (AML).

UPIMAJI WA UDHIBITI WA ATHARI

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.

Katika ngazi za juu, Bodi ya Wakurugenzi inatambua wajibu wake katika mchakato wa udhibiti wa athari, ikiwa ni pamoja na kufanya mapitio ya ufanisi wa mchakato huu. Bodi huidhinisha utayari wa kukabiliana na athari, mkakati wa kudhibiti athari na sera ya kudhibiti athari pamoja na mambo mengine yaliyo katika uwezo wake.

Quality Committee, Management Audit Risk & compliance Committee, Asset and Liabilities Committee (ALCO), Product Approval Committee (PAC), Operational Risk Committee (OPSCO) and Credit Committees (CREDCO) to effectively implement the Bank's Risk Management Policies and Procedures. The Board through the BARCC periodically reviews and evaluates the activities and effectiveness of the Bank's Overall Risk Management Function.

The Chief Risk Officer (CRO) is responsible for the day-to-day implementation of the risk policies within NMB and proper functioning of the bank's Independent Risk Management which identifies, monitors, measures and reports on the bank's various operating risks which include Credit Risk, Operational Risk, Product Approval, Compliance Risk, Liquidity Risk and Market Risk. All business lines at NMB are responsible for individually monitoring and mitigating their operating risks, and the independent Risk Management Function is responsible to individually checking the efficacy of these units' risk control mechanisms. The business line is owner of the risks within its area, while the Risk function acts as second line of defence and the Internal Audit of the bank as third line of defence.

In risk management, risks are appropriately identified, evaluated and managed, considering the interrelationships between risks. This process happens on a continuous basis. Under this framework, structured risk self-assessments take place on a recurring basis. Risk assessments consider both the likelihood of an event occurring as well as the impact the risk would have should one of such events occur.

KEY SYSTEM DEVELOPMENTS IN 2015

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

The NMB Loan Centre, dealing with the centralised monitoring and collection from Retail Loans, is in full swing. In 2016, the Loan Centre will be ready to accommodate disbursements of retail loans.

The Credit Reference Bureau (CRB) check on loan history of borrowers was automated by integration with the CRB system. The bank's Credit Administration will be enhanced in order to improve the tools to closely monitor all credit facilities as part of a solid credit risk management process.

Mkurugenzi Mkuu, Ofisa Mkuu wa Udhhibiti wa Athari na timu nzima ya menejimenti wanasaidiwa na kamati muhimu za ushauri na utawala kama vile Kamati ya Uhakiki wa Mikopo – Loan Portfolio Quality Committee, Kamati ya Rasilimali na Madeni – Asset and Liabilities Committee (ALCO), Kamati ya Uidhinishaji wa Bidhaa – Product Approval Committee (PAC), Kamati ya Kushughulikia Udhhibiti wa Athari – Operational Risk Committee (OPSCO) na Kamati ya Mikopo – Credit Committees (CREDCO) katika kutekeleza sera na taratibu za Benki za udhibiti wa athari.

Ofisa Mtendaji Mkuu wa Udhhibiti wa Athari (CRO), anawajibika katika utekelezaji wa sera ya udhibiti wa athari ndani ya NMB, pamoja na kuhakikisha kwamba Menejimenti Inayojitegemea ya Udhhibiti wa Athari ambayo huainisha, kufuatilia, kupima na kutoa taarifa juu ya athari za kiutendaji ikiwa ni pamoja na Athari za Mikopo, Kiutendaji, Uidhinishaji wa Bidhaa, Ikibali, Ukwasi, na Masoko, inafanya kazi zake kwa ufanisi. Kila kitengo cha kibiashara NMB kinahusika katika kufuatilia na kupunguza makali ya athari katika utendaji wake wa kazi na Menejimenti Inayojitegemea ya Udhhibiti wa Athari inahusika kukagua ufanisi wa utaratibu wake wa kudhibiti athari hizo. Kila kitengo husika kinawajibika kwa athari yoyote katika eneo lake na athari inachukuliwa kama njia ya pili ya kujilinda huku Ukaguzi wa Hesabu za Ndani ukitumika kama njia ya tatu.

Katika udhibiti wa athari, kila hatari huainishwa kwa usahihi, kufanyiwa tathmini na kusimamiwa kwa kuzingatia uhusiano kati ya athari na athari. Huu ni mchakato endelevu. Katika mfumo huu, ukadiraji binafsi wa athari hufanyika katika hali ya kujirudiarudia. Ukadiraji wa athari huzingatia mambo yote mawili - uwezekano wa tukio kujirudia, pamoja na athari ambayo ingesababishwa na tukio hilo endapo mojawapo lingetokea.

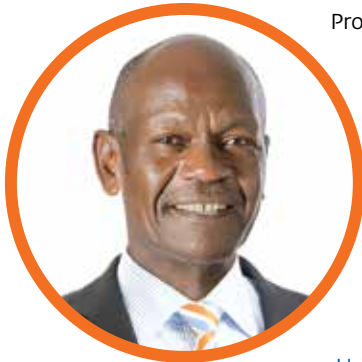
MAENDELEO YA MFUMO MUHIMU MWAKA 2015

Ili kusaidia michakato, vitendea kazi vichache pamoja na jitihada vilitumika kwa kuzingatia uimarishaji na udhibiti katika kupunguza makali ya baadhi ya athari. Timu ya kusimamia athari ilitengeneza kitendea kazi kilichotumika kutoa utoaji mikopo midogomidogo (kikutumia mashine za kujiendesha). Kitendea kazi hiki sasa hivi inatumika kikamilifu katika mtandao wa matawi yote ya NMB.

Kituo cha Mikopo cha NMB ambacho kinajishughulisha na ufuatiliaji wa makusanyo ya Mikopo Midogo.

Mwaka 2016, Kituo cha Mikopo kitakuwa tayari kutoa mikopo midogo kwa wingi zaidi na aina nyingine za mikopo. Dawati la Ufuatiliaji Mikopo – Credit Reference Bureau (CRB) ambalo huangalia taarifa za wakopaji liliunganishwa kwa kutumia mashine za kujiendesha na mfumo wa CRB. Usimamizi wa Mikopo katika benki utaimarishwa ili kuboresha vitendea kazi viweze kufuatilia kwa karibu mikopo yote kama njia madhubuti ya mchakato wa udhibiti athari.

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, M.Sc 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 aliyebobea katika masuala ya uchumi, ana uzoefu mkubwa wa utafiti kwenye ukuaji wa uchumi na kupunguza umaskini. Ana shahada ya BA na MA kutoka Chuo Kikuu cha Dar es Salaam, MSc na PhD 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 VICE CHAIRMAN



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 Professional Director for Rabobank investments in Africa.

Albert Jonkergouw ana uzoefu wa zaidi ya miaka 20 katika shughuli za kibenki za wateja wadogo na wakubwa kimataifa na ndani ya Uholanzi. Ana degrii 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 wa Miradi ya Uwekezaji ya Rabobank kwa Afrika.

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

LILIAN R. KOMWIHANGIRO COMPANY SECRETARY AND HEAD OF LEGAL



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.

Lilian R. Komwihangiro ni Katibu wa Kampuni na Mwanasheria Mshauri 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.

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, Mr. van Lange was the Director of Retail Banking of Rabobank in the 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, Bwana van Lange alikuwa Mkurugenzi wa kitengo cha huduma kwa wateja wadogo (Retail Banking) cha Rabobank ya Uholanzi.

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.

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.

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 re insurance companies. She currently works as an independent insurance consultant.

Bi. Margaret Ikongo amesajiliwa kama "Chartered Insurer" katika taaluma ya Bima. Pia ana Cheti cha Kimataifa katika Taaluma ya Usimamizi wa Majanga. 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.

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.

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.

LEONARD MUSUSA BOARD DIRECTOR



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).

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 kuhuisha 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, Kujitegemea na Ubora katika Soko la PwC Afrika Mashariki likijumuisha nchi sita. Ni mwanachama wa Bodi ya Kimataifa ya Wahasibu (FCCA) na ile ya Tanzania.



CORPORATE GOVERNANCE

We believe in adopting the best practices in Corporate Governance. The Board, Management and NMB employees are committed to upholding the core values of transparency, integrity, honesty and accountability, which are fundamental to the attainment of good governance and excellent performance in any organisation.

Good corporate governance principles are accepted as the drivers of improved corporate performance throughout the world. Responsibility for overseeing the proper implementation of good corporate governance rests with the directors.



UTAWALA BORA

NMB tunaamini katika kutumia utendaji mzuri katika Utawala Bora. Bodi, menejimenti uongozi na wafanyakazi wa NMB wamejizatiti kusimamia maadili ya msingi ya uwazi, uadilifu, uaminifu na uwajibikaji ambayo ni muhimu ili kufikia utawala bora na utendaji mzuri katika taasisi yoyote.

Misingi ya Utawala Bora inakubalika kuwa vichocheo vya kuboresha utendaji mzuri duniani kote. Wajibu wakusimamia utekelezaji mzuri wa utawala bora uko chini ya Wakurugenzi.

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 2015 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 2015, Director Anne Mbughuni tendered her resignation to the Board after completing her term. She was replaced on the Board by Director Leonard Mususa who was appointed as director for a three year term. Director Protase Tehingisa tendered his resignation to the Board after completing his term. He was re-appointed as director for a further 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 Bodi wana 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 kibiashara 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 2015 Bodi ya Wakurugenzi ilikuwa na wajumbe wanane wasio watendaji na mjumbe moja ambaye ni mtendaji, wote wakiwa na ujuzi, uzoefu na uanuwai.

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.

KUJUIZULU

Kwenye Mkutano Mkuu wa Mwaka uliofanyika Juni 2015, Mkurugenzi Anne Mbughuni aliwasilisha maombi ya kujiuzulu kwenye Bodi baada ya kumaliza muda wake. Badala yake, Mkurugenzi Leonard Mususa aliteuliwa kuwa Mkurugenzi kwa kipindi cha miaka mitatu. Mkurugenzi Protase Tehingisa aliwasilisha maombi ya kujiuzulu kwenye Bodi baada ya kumaliza muda wake. Aliteuliwa tena kuwa Mkurugenzi kwa kipindi cha miaka mitatu mingine.

CORPORATE GOVERNANCE | UTAWALA BORA

The Managing Director, Mr. Mark Wiessing's, resignation as a Director was also tendered and accepted. It was noted that he had left the bank to join Rabobank Brazil. He was replaced on the Board by Ms. Ineke Bussemaker who was appointed as an Executive Director of the Board, by virtue of her position.

BOARD MEETINGS

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

During 2015, 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 (6)
- BOARD EXECUTIVE COMMITTEE (1)
- BOARD AUDIT RISK AND COMPLIANCE COMMITTEE (4)
- BOARD HUMAN RESOURCES AND REMUNERATION COMMITTEE (6)
- BOARD CREDIT COMMITTEE (10)

Members of the Board and respective committees as at 31st December 2015 are shown as shown below:

Maombi ya kujiuzulu kwa Mkurugenzi Mtendaji, Bwana Mark Wiessing pia yaliwasilishwa na kukubaliwa. Ilielezwa kwamba alipata uhamisho kufanya kazi Rabobank Brazil. Nafasi yake ilichukuliwa na Bi Ineke Bussemaker, ambaye aliteuliwa kuwa Mkurugenzi Mtendaji wa Benki ya NMB kutokana na cheo chake.

VIKAO VYA BODI

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

Mwaka 2015 Bodi na kamati zake zilikutana kujadili na kuamua maswala na shughuli za kibiashara. Kamati za Bodi zinafanyakazi kwa niaba ya Bodi kuelekeza benki kwa usahihi na kuchapuzi 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 (6)
- KAMATI YA WAKURUGENZI WATENDAJI (1)
- KAMATI YA BODI YA UKAGUZI NA USIMAMIZI (4)
- KAMATI YA BODI YA RASILIMALI WATU NA MISHAHARA (6)
- KAMATI YA BODI YA MIKOPO (10)

Wajumbe wa Bodi ya Wakurugenzi na kamati zilizohusika hadi kufikia tarehe 31 Desemba 2015 ni kama ilivyoonyeshwa kwenye jedwali hapa chini:

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 (Attends all meetings) (Anahudhuria vikao vyote)					

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)

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 YA BODI

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, TAHADHARI NA UTIMILIFU YA BODI

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 fedha 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, utoshelevu 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 BODI YA UTUMISHI NA ULIPAJI MSHAHARA

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 ulipaji mshahara 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 is Mrs Lilian Komwihangiro and she provides support and guidance to the Board in matters relating to governance and ethical practices. She is also responsible for induction programs of new directors, keeping board members abreast of relevant changes in legislation and governance principles.

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, 4th June 2016 at Julius Nyerere Convention Centre, Dar es Salaam and participate in the affairs of the company.

KAMATI YA MIKOPO YA BODI

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 Bibi Lilian Komwihangiro na anatoa ushirikiano na mwongozo kwa Bodi katika maswala yanayohusu uongozi na utendaji wa kimaadili. Pia ana jukumu la kutoa mafunzo kwa Wakurugenzi wapya na kuendelea kuwafahamisha wajumbe wa Bodi mabadiliko ya kisheria na kanuni za kiutawala.

MAWASILIANO NA WANAHISA

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

Wanahisa wanashauriwa kuhudhuria Mkutano Mkuu wa Mwaka utakaofanyika Jumamosi tarehe 4 Juni 2016 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 CEO & Managing Director of National Microfinance Bank PLC (NMB) on 25th May 2015. Prior to her current position, that she was Head of Payment Services & Savings for Rabobank in The Netherlands. She was responsible for product development and the operations of payment and savings products in The Netherlands. 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 Ofisa Mtendaji Mkuu na 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 2015. 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.

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.

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 MtunzaFedha. 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.

RICHARD MAKUNGWA CHIEF WHOLESAL 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 na 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.

TOM BORGHOLS CHIEF RISK OFFICER



Tom Borghols joined NMB in 2013 as a Chief Risk Officer. He is responsible of Credits; Special Assets; Operational, Market, IT and Fraud Risk and Compliance. He also heads 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 alijiunga na NMB mwaka 2013 kama Afisa Mkuu Udhhibiti wa Hasara. Ana wajibu kwenye Mikopo, Raslimali Maalum, Operesheni, Masoko, TEHAMA na Hatari ya Uhalifu na Uzingatiji Sheria. Pia 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 Udhhibiti 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 is the CFO of NMB. He 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 ni Afisa Mkuu wa Fedha wa NMB. Ana 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 objective of the Executive Management Team is to steer and oversee 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 objective of the Asset and Liability Committee (ALCO) is to achieve 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 were established to 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 objective of the Management Risk and Compliance Committee is to ensure 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 objective of the Management Human Resources Disciplinary Committee (MHRDC) is to ensure 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.

If the employee is aggrieved with the decision of the MHRDC they can appeal to the Disciplinary Appeals Committee. The Committee is mandated to hear the appellant's grounds of appeal and evaluate the merits in the context of the available information.

KAMATI YA UTENDAJI

Lengo la 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

Lengo la 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 hii ilianzishwa ili kuhakikisha kuwa kuna usimamizi mzuri wa utoaji mikopo kwa wateja, kulingana na sera ya tahadhari za mikopo na taratibu zilizokubalika NMB.

KAMATI YA USIMAMIZI ATHARI NA UTILIFU

Lengo la kamati ya usimamizi wa athari na utilifu ni kuhakikisha 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 YA RASILIMALI WATU

Lengo la Kamati ya Nidhamu ya Rasilimali Watu (MHRDC) ni kuhakikisha 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.

Mfanyakazi asiporidhika na uamuzi wa MHRDC anaweza kuomba Kamati ya Nidhamu ya Rufaa iaangalie uamuzi huo tena. Kamati hii imepewa uwezo kusikiliza msingi wa mlalamika kukata rufaa na kupima vigezo kulingana na taarifa zilizotolewa.

MANAGEMENT TENDER COMMITTEE (MTC)

The objective of the Management Tender Committee (MTC) is to review, consider and approve 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 objective of the Product Approval Committee is to review and approve 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.

PROJECTS COMMITTEE

The objective of the Projects Committee is to ensure successful conclusion of the projects initiated and that they deliver value to the business. The Committee has the mandate to approve or reject a request to commission a project and has the authority to approve plans and authorize any necessary deviations from stage plans as well as allocate resources to the project.

KAMATI YA USIMAMIZI WA ZABUNI

Lengo la Kamati ya Usimamizi wa Zabuni ni kupitia, 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 TAHADHARI ZA KIUTENDAJI

Kamati ya Tahadhari za Kiutendaji inashughulikia tahadhari za idara ya Tahadhari 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 uhibitaji na uzoefu wa wateja ndani ya NMB. Kamati ina uwezo wa kupitia utendaji wa matawi na kutoa muongozo kwa matawi inapohitajika.

KAMATI YA KUPITISHA HUDUMA NA TARATIBU ZA KIBENKI

Lengo la Kamati ya Kupitisha Huduma na Taratibu za Kibenki ni kupitia 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.

KAMATI YA MIRADI

Lengo la Kamati ya Miradi ni kuhakikisha ufanikishaji wa miradi iliyoanzishwa ili ilete faida kibiashara. Kamati hii imepewa mamlaka ya kupitisha au kukataa mradi uliopendekezwa na inaweza kupitisha mipango na marekebisho yoyote juu ya mradi na kuwekeza rasilimali zinazohitajika kwenye mradi.

DISTRIBUTION NETWORK | MTANDAO WA HUDUMA

REGION BRANCH/UNIT CONTACT	ADDRESS	TEL. DIRECT	TEL. GENERAL	FAX NO.
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DAR ES SALAAM ZONE

HEAD OFFICE

Head Office	P.O. Box 9213, Dar es Salaam		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	22 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	22 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	22 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 285685	2 022 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	

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

DISTRIBUTION NETWORK | MTANDAO WA HUDUMA

REGION BRANCH/UNIT CONTACT	ADDRESS	TEL. DIRECT	TEL. GENERAL	FAX NO.
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EASTERN ZONE

MOROGORO

Eastern Zonal Office	P.O. Box 1066, Morogoro	023 2613479	023 2613601	023 2613600
Ifakara	P.O. Box 33, Ifakara	023 2625033		023 2625094
Kilombero	P.O. Box 142, Kidatu	023 2626053	023 2626273	023 2626225
Kilosa	P.O. Box 3, Kilosa	023 2623017	023 2623233	023 2623073
Mahenge	P.O. Box 61, Mahenge	0787965304/ 0715965304	0787035333/ 0755424408	
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 2161527	022 2161528	

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	023 2402792	023 2402793	023 2402794
Mlandizi	P.O. Box 30430 Kibaha	022 022 2161592/93		

CENTRAL ZONE

DODOMA

Zonal Office	P.O. Box 888, Dodoma	026 2322117 026 2323544	026 2322260/	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
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 0	27 2530076
Simanjiro	P.O. Box 9527, Simanjiro	0272555692	027 2555693	027 2555693

DISTRIBUTION NETWORK | MTANDAO WA HUDUMA

REGION BRANCH/UNIT CONTACT	ADDRESS	TEL. DIRECT	TEL. GENERAL	FAX NO.
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NORTHERN ZONE

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

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
Siha	P.O. Box 28 Sanya Juu	022 2161668	022 2161669	

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

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

DISTRIBUTION NETWORK | MTANDAO WA HUDUMA

REGION BRANCH/UNIT CONTACT	ADDRESS	TEL. DIRECT	TEL. GENERAL	FAX NO.
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				
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
Ngudu	P.O. Box 68, Ngudu	073 2980919	073 7100202	073 2980919
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
MARA				
Bunda	P.O. Box 53, Bunda	028 2621152	028 2621039	028 2621153
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
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
Chato	P.O. Box 68, Chato	028 2982532	028 2982541	028 2982542
Misenyi	P.O. Box 56, Misenyi	0732 983453	028 2222323	028 2222331

DISTRIBUTION NETWORK | MTANDAO WA HUDUMA

REGION BRANCH/UNIT CONTACT	ADDRESS	TEL. DIRECT	TEL. GENERAL	FAX NO.
WESTERN ZONE				
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 0	28 2763439	028 2763441
Mwadui	P.O. Box 324, Mwadui	028 2763461		028 2763461
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
SOUTHERN ZONE				
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 – 6th Floor
NMB Head Office
Ali Hassan Mwinyi/Ohio Streets
P.O. Box 9213
Dar es Salaam

AUDITORS

Deloitte & Touche
Certified Public Accountants (Tanzania)
10th Floor, PPF Tower
Corner of Ohio Street & Garden Avenue
P.O. Box 1559
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 WA BENKI

Lilian R. Komwihangiro
National Microfinance Bank Plc – Ghorofa ya 6
NMB Head Office
Ali Hassan Mwinyi/Ohio Streets
P.O. Box 9213
Dar es Salaam

WAKAGUZI

Deloitte & Touche
Certified Public Accountants (Tanzania)
Ghorofa ya 5, PPF Tower
Kona ya Ohio Street & Garden Avenue
S.L.P 1559
Dar es Salaam

HEAD OFFICE Makao Makuu

Ohio/Ali Hassan Mwinyi Road
P.O. Box 9213, Dar es Salaam
Tel: (General): +255 22 2322000
Tel: (fax): +255 22 2112148

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 2322600
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

NOTICE OF THE 16TH ANNUAL GENERAL MEETING OF THE MEMBERS OF NATIONAL MICROFINANCE BANK (NMB) PLC

Notice is hereby given that the 16th Annual General Meeting of NMB shareholders will be held at the Julius Nyerere International Convention Centre in Dar es Salaam on Saturday, 4th June, 2016 at 10.00 a.m. The agenda will be as follows:

- 16.1 NOTICE AND QUORUM
- 16.2 ADOPTION OF THE AGENDA
- 16.3 CONFIRMATION OF THE MINUTES OF THE 15TH ANNUAL GENERAL MEETING HELD ON 6TH JUNE 2015
- 16.4 MATTERS ARISING FROM THE PREVIOUS MINUTES
- 16.5 TO RECEIVE, CONSIDER AND ADOPT THE DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS FOR YEAR ENDED 31st DECEMBER 2015
- 16.6 DIVIDEND DECLARATION FOR THE FINANCIAL YEAR 2015
- 16.7 TO RECEIVE AND APPROVE THE PROPOSAL FOR DIRECTORS' REMUNERATION
- 16.8 RESIGNATION AND APPOINTMENT OF DIRECTORS
- 16.9 TO RECEIVE AND APPROVE APPOINTMENT OF EXTERNAL AUDITORS FOR THE FINANCIAL YEAR 2016
- 16.10 ANY OTHER BUSINESS

TAARIFA YA MKUTANO MKUU WA 16 WA WANAHISA WA BENKI YA NATIONAL MICROFINANCE BANK (NMB) PLC

Taarifa inatolewa kwamba Mkutano Mkuu wa 16 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 4, 2016. Agenda itakuwa kama ifuatavyo:

- 16.1 MATANGAZO NAAKIDI
- 16.2 KUPITISHA AJENDA ZA MKUTANO
- 16.3 KUTHIBITISHA KUMBUKUMBU ZA MKUTANO MKUU WA 15 ULIOFANYIKA TAREHE 6 JUNI 2015
- 16.4 YATOKANAYO NA MKUTANO WA 15 WA WANAHISA
- 16.5 KUPOKEA, KUJADILI NA KUPITISHA RIPOTI YA WAKURUGENZI NA TAARIFA ZA FEDHA KWA MWAKA ULIOISHIA 31 DESEMBA 2015
- 16.6 KUIDHINISHA GAWIO KWA MWAKA UNAOISHIA 31 DESEMBA 2015
- 16.7 KUPOKEA NA KUIDHINISHA MALIPO YA WAKURUGENZI
- 16.8 KUTEUA WAKURUGENZI
- 16.9 KUPOKEA NA KUTHIBITISHA UTEUZI WA WAKAGUZI WA HESABU KWA MWAKA UNAOMALIZIKA 31 DESEMBA 2016
- 16.10 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, 3rd June 2016.
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 2015 profit.

Date of announcement of results: - 6th May 2016

Shares trading cum div: - 6th May 2016

Last day of trading cum-dividend: - 26th May 2016

Shares start trading ex-div: - 27th May 2016

Register Closing Date (Books Closure Date) - 31st May 2016

Payment of dividend: - on or about 16th June 2016

By order of the Board.



LILIAN R. KOMWIHANGIRO
COMPANY SECRETARY

MAY 13TH, 2016

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 zilivyorekebisha. Fomu ya uwakilishi lazima iwasilishwe kwenye ofisi iliyosajiliwa ya Kampuni kabla ya saa 4 asubuhi Ijumaa ya tarehe 3 Juni 2016.
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 2015.

Tarehe za kuzingatia:

Tarehe ya tangazo: 6 Mei 2016

Hisa kuuzwa pamoja na gawio : 6 Mei 2016

Mwisho wa hisa kuuzwa pamoja na gawio : 26 Mei 2016

Hisa kuanza kuuzwa bila gawio: 27 Mei 2016

Daftari la wanahisa kufungwa: 31 Mei 2016

Malipo ya gawio kwa wanahisa: kuanzia tarehe 16 Juni 2016

Kwa amri ya Bodi ya Wakurugenzi,



LILIAN R. KOMWIHANGIRO
KATIBU WA KAMPUNI

13 MEI 2016

ANNUAL GENERAL MEETING NOTICE 2016 | TAARIFA YA MKUTANOMKUU WA MWAKA 2016

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 16th ANNUAL GENERAL MEETING of the Company to be held at
the Julius Nyerere Convention Centre in Dar es Salaam on Saturday, 4th June 2016, and at any adjournment thereof.

Signed this _____ day of _____ 2016

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 SITA WA MWAKA wa kampuni
utakaofanyika kwenye ukumbi wa Julius Nyerere Convention Centre, Dar es Salaam siku ya Jumamosi tarehe 4 Juni 2016, hata
katika kuahirishwa kwake.

Imesainiwa tarehe _____ siku ya _____ 2016

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":

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

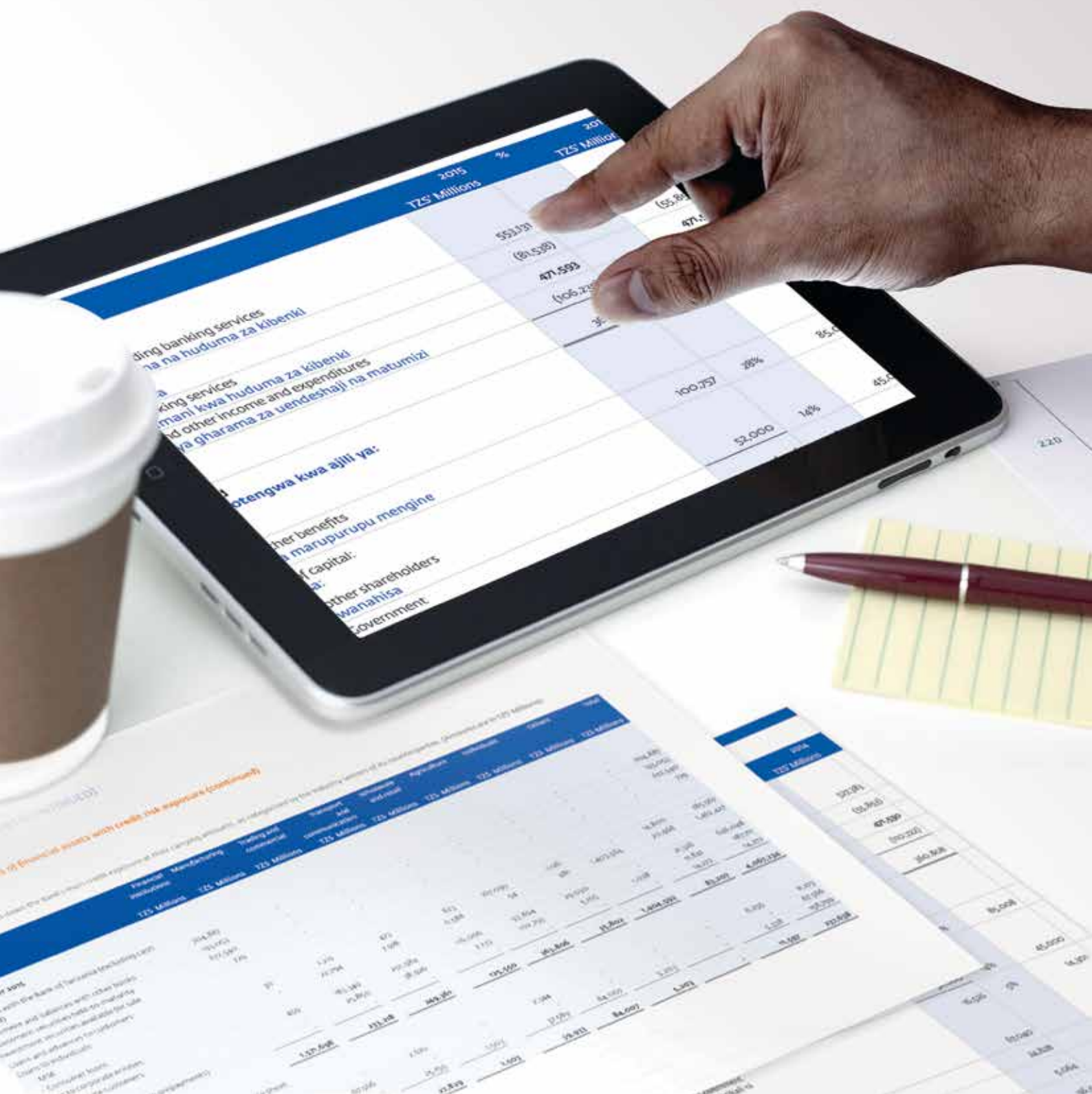
4. KWA KUPIGA SIMU

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 2015, which disclose the state of affairs of National Microfinance Bank Plc (the "Bank") and its subsidiaries, Upanga Joint Venture Company Limited and Ohio Street Properties Limited (together, the 'Group').

The Bank's subsidiaries are in the early stages of commencing commercial operations. Consequently, the report of the Directors presented below relates mostly to the Bank which is the only trading entity in the Group.

2. INCORPORATION

The Bank is incorporated in Tanzania under the Companies Act, 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 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 deposit, providing credit facilities and other commercial banking services and is licensed under the Banking and Financial Institution Act, 2006, license number CBA 00032. 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 includes; Personal accounts, Junior savings, Bonus savings, Wisdom account, Business accounts, Kilimo account, Student account, Chap chap account, Call deposits, Chipukizi accounts and Fixed deposits. Other product 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/ resignation
1	Prof. Joseph Semboja	Chairman	24 Apr 1951	Tanzanian	Economist	Appointed on 2 June 2012
2	Albert Jonkergouw	Member	26 Jan 1958	Dutch	Auditor	Re-appointed on 7 June 2014
3	Anne Mbuguni	Member	17 Mar 1959	Tanzanian	Certified Public Accountant	Resigned on 6 June 2015
4	Jos van Lange	Member	06 June 1956	Dutch	Economist/Banker	Re-appointed on 2 June 2012
5	Leonard Mususa	Member	25 Sept 1953	Tanzanian	Certified Public Accountant	Appointed on 6 June 2015
6	Margaret Ikongo	Member	08 June 1957	Tanzanian	Chartered Insurer	Re-appointed on 1 June 2013
7	Mark Wiessing	Member	14 Aug 1958	Dutch	Banker	Resigned on 9 May 2015
8	Mike Laiser	Member	28 Dec 1948	Tanzanian	Enterprise Development Economist	Re-appointed on 2 June 2012
9	Protase Tehingisa	Member	24 May 1947	Tanzanian	Lawyer	Re-appointed on 6 June 2015
10	William Mlaki	Member	09 Jan 1947	Tanzanian	Economist/Banker	Re-appointed on 1 June 2013
11	Ineke Bussemaker	Member	23 Feb 1958	Dutch	Banker	Appointed on 6 June 2015

7. COMPANY SECRETARY

The Bank's secretary as at 31 December 2015 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
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 6 board meetings (2 of which were special meetings). There were also 10 Board Credit Committee meetings, 6 Board Human Resources and Remuneration Committee meetings (2 of which were special meetings), 4 Board Audit, Risk and Compliance Committee meetings and 1 Board Executive Committee meeting.

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(g) to 3(m). 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
Ag. Chief Retail Banking Officer	Abdulmajid Nsekela
Chief Operating Officer	Pete Novat
Chief Risk Officer and	Tom Borghols
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 (2014: 625,000,000 ordinary shares of TZS 40 each).

Called up and fully paid

500,000,000 ordinary shares of TZS 40 each (2014: 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 2015 is estimated to be 17,668 (2014: 17,820). 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:

Name of the Shareholder	%	2015 number of shares	%	2014 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 Investment Company Limited (NICOL)	6.6	33,049,520	6.6	33,000,000
Aunali F. Rajabali & Sajjad F. Rajabali	5.1	25,408,470	5.3	26,435,360
Exim Bank (Tanzania) Limited	4.6	22,975,904	4.6	22,975,904
SCB (T) Nominees Limited	2.6	13,233,689	2.7	13,740,069
Parastatal Pension Fund (PPF)	1.0	4,831,636	1.0	4,831,636
Standard Bank Plc	0.6	3,199,560	0.6	3,199,560
TCCIA Investment Company Limited	0.5	2,611,886	0.5	2,611,886
General Public	12.3	61,287,535	12.0	59,803,785
	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 2,500 (2014: TZS 3,400). Market capitalisation as at 31 December 2015 was TZS 1,250 billion (2014: TZS 1,700 billion).

16. FUTURE DEVELOPMENT PLANS

The Bank will continue to improve its activities through the introduction of innovative products, focusing on value-added customer services and selective expansion of its delivery channels while carefully managing both costs and risks. The Bank will also continue to focus on improving productivity and efficiency in its operations, including hosting a state of the art data center to support the Bank's technology platforms.

17. MARKET OVERVIEW

During the year, the US economy staged a recovery, amidst the slow global economic growth. This resulted in a strong US dollar that became a primary driver behind the fall and heightened volatility in the emerging currencies seen throughout 2015. Coupled with this, was the fall in global commodity prices by 30.7% in 2015. The Tanzanian shilling was not an exception as it depreciated by 22.4% against the greenback hovering from TZS 1,734 in December 2014 to TZS 2,155 in December 2015. Consequently, the economy saw an intensified inflation of 6.8% in December 2015, being the highest level since July 2013. Nevertheless, interest rates remained relatively high with T-bill rates increasing from a weighted average yield of 16.11% in December 2014 to 18.20% in December 2015. This was largely attributed by the higher need for the Government to borrow from the market in 2015 for budget support as donors withheld funds.

18. PERFORMANCE FOR THE YEAR

During the year, the Bank earned a net profit of TZS 150,288 million (2014: TZS 155,623 million). In addition, the following achievements were recorded in the year:-

- The Bank recorded a profit before tax of TZS 217,328 (2014: TZS 224,659 million). The decrease in profit before tax was driven by increase in interest expense due to increase in deposit balances on fixed deposits, trust account and call deposits.
- Total assets of the Bank increased to TZS 4,580,091 million (2014: TZS 3,881,995 million). The growth was driven mainly by the increase of loan portfolio and, in particular, Salaried Workers' Loans, Corporate and SME loans. This growth in assets was funded by growth in deposits and borrowings from Financierings-Maatschappij voor Ontwikkelingslanden N.V (FMO) and European Investment Bank.

The audited financial statements for the year are set out on pages 70 to 136.

19. CASH FLOW

During the year, the Bank's major source of cash flow has been from operations that generated TZS 200,959 million (2014: TZS 200,831 million) and TZS 9,658 million from financing activities (2014: Cash out flow of TZS 1,716 million). The major use of the cash flow has been TZS 63,196 million (2014: TZS 72,850 million) for payment of Tax, TZS 83,480 million (2014: TZS 49,623 million) investment in fixed assets especially for the new head office and TZS 52,000 million (2014: TZS 45,000 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. DIVIDEND

The Directors propose payment of a dividend of TZS 104 per share, amounting to TZS 52 billion. In 2014, a dividend of TZS 104 per share, amounting to TZS 52 billion was approved and paid.

21. 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.

22. 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.

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.

23. 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 2015 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.

24. 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	
		2015	2014
Return on equity	Net profit/Total equity.	23%	27%
Return on assets	Net profit/Total assets.	3%	4%
Cost to income ratio	Total costs/Net income.	57%	53%
Interest margin on earning assets	Total interest income/ (interest in government securities + balances with other financial institutions + interbank loan receivables + investments in other securities + net loans, advances and overdraft).	13%	14%
Non - interest income to Gross income	Non - interest income/Total income.	30%	27%
Gross loans to customers to customer deposits	Total loans to customers/Total deposits from customers.	71%	68%
Non - performing loans to gross loans	Non - performing loans/Gross loans and advances.	2%	3%
Earning assets to total assets	Earning assets/Total assets.	74%	75%
Growth on total assets	Increase in assets for the year/Total asset opening balance	18%	18%
Growth on loans and advances to customers	Increase in Loans and advances /Opening balance of loans and advances.	24%	24%
Growth on customer deposits	Increase in customer deposits/Opening balance of customer deposits	19%	16%
Capital adequacy			
Tier 1 Capital	Risk weighted assets including Off balance sheet items/ Core Capital	20%	21%
Tier 1+Tier 2 Capital	Risk Weighted assets including off-balance sheet items/ Total Capital	22%	22%

25. SERIOUS PREJUDICIAL MATTERS

In the opinion of the Directors, there are no serious unfavorable matters that can affect the Bank (2014: none).

26. 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.

27. EMPLOYEES' WELFARE

Management and employees' relationship

There was continued good relation between employees and management for the year 2015. 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 3,899 million (2014: TZS 3,695 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 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 3,162 (2014: 3,009).

28. GENDER PARITY

The Bank had 3,162 employees, out of which were 1,741 male and were 1,421 female (2014: male 1,668; female 1,341).

29. RELATED PARTY TRANSACTIONS

All related party transactions and balances are disclosed in Note 37 to the financial statements.

30. POLITICAL AND CHARITABLE DONATIONS

The Bank did not make any political donations during the year. The Bank set aside donation fund amounting to TZS 1.5 billion for distribution to charitable and other organizations of which TZS 844 million (2014: TZS 1,335 million) was spent during the year.

31. RELATIONSHIP WITH STAKEHOLDERS

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

32. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Bank understands the impact of employee involvement in the Corporate Social Responsibility (CSR) activities. It plays a big role in overcoming skepticism, making CSR a priority, strengthening and driving change. Therefore, 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.

The Bank has set aside TZS 210 million to support staff initiative countrywide, the progress has been good, hence various activities were carried out during the year. Staff donated different items including stationaries, toiletries, delivery kits and foodstuff. They also volunteered in cleaning environment at different hospitals such as Kilimanjaro Christian Medical Centre (KCMC) and Newala hospitals.

The Bank has always been supporting Health and Education sectors through provision of school desks, hospital beds and in-kind support in case of natural or other disasters and Financial Capability awareness.

The Bank initiated the revamping of the financial fitness program (youth preposition program) with the objective of teaching primary, secondary and university students basic skills on savings. The Bank came up with the Wajibu-Jifunze and Jipange-Wajibika programs to be launched in March 2016. Soft launch was done to 10 selected schools in Dar es Salaam and the impact seem to be positive.

33. AUDITORS

Deloitte & Touche have expressed their willingness to continue in office in accordance with Section 170 (2) of the Tanzania Companies Act, 2002. Appointment of auditors for 2016 will be done at the Annual General Meeting.

BY ORDER OF THE BOARD



Prof. Joseph Semboja
Chairman

25th March 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES | TAARIFA YA WAJIBU WA WAKURUGENZI

The Companies Act, 2002 requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the Bank and of the Group as at the end of the financial year and of their operating results for the year. It also requires the Directors to ensure the Bank and its subsidiaries keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Bank and of the Group. The Directors are also responsible for safeguarding the assets of the Group.

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with the International Financial Reporting Standards, the requirements of the Companies Act, 2002, the Banking and Financial Institutions Act 2006, and for such internal controls as Directors determine are necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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, in the manner required by the Companies Act, 2002 and the Banking and Financial Institutions Act, 2006.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the affairs of the Bank and of the Group and their operating results. The Directors further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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 the next twelve months from the date of this statement.

Signed on behalf of the Board of Directors by:



Prof. Joseph Semboja
Chairman

25th March 2016

TO THE MEMBERS OF NATIONAL MICROFINANCE BANK PLC

Report on the consolidated and Bank's financial statements

We have audited the accompanying financial statements of National Microfinance Bank Plc (the "Bank") and its subsidiaries (together the "Group"), set out on pages 70 to 136 which comprise the consolidated and the Bank's statements of financial position as at 31 December 2015, and the consolidated and the Bank's statement of profit or loss and other comprehensive income; consolidated and the Bank's statements of changes in equity and consolidated and the Bank's statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated and Bank's financial statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2002 and the Banking and Financial Institutions Act, 2006, and for such internal controls as Directors determine are necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements, plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error. In making those risk assessments, we considered the internal controls relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the

Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the financial affairs of the Bank and of the Group as at 31 December 2015; and the financial performance and cash flows of the Bank and of the Group for the year then ended in accordance with International Financial Reporting Standards, the requirements of the Companies Act, 2002 and the Banking and Financial Institutions Act 2006.

Report on other legal requirements

As required by the Companies Act, 2002 we report to you, based on our audit, that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) in our opinion, proper books of account have been kept by the Bank, so far as appears from our examination of those books; and
- iii) the consolidated and the Bank's statement of financial position (balance sheet) and statement of profit or loss (profit and loss account) are in agreement with the books of account.

Deloitte & Touche
Certified Public Accountants (Tanzania)



Signed by: D.C. Nchimbi
25th March 2016
Dar es Salaam

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2015 TZS' Millions	2014 TZS' Millions
Interest and similar income	7(a)	436,719	416,490
Interest and similar expenses	8	(68,529)	(39,264)
Net interest income		368,190	377,226
Loan impairment charges	20	(13,009)	(16,589)
Net interest income after loan impairment		355,181	360,637
Fee and commission income	9(a)	124,671	117,113
Fee and commission expense	9(a)	(10,253)	(7,369)
Net fee and commission income		114,418	109,744
Total operating income		469,599	470,381
Foreign exchange income	10(a)	21,992	17,620
Other income	11(a)	23,931	9,250
Employee benefits expense	12	(130,649)	(116,693)
General and administrative expenses	13(a)	(151,639)	(137,554)
Depreciation and amortization	14	(17,381)	(19,456)
Profit before tax		215,853	223,548
Income tax expense	15	(67,040)	(69,036)
Profit for the year		148,813	154,512
Attributable to			
Owners of the parent		148,979	154,839
Non-controlling interests		(166)	(327)
Profit for the year		148,813	154,512
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)	(80)	(68)
Total comprehensive income for the year		148,733	154,444
Attributable to:			
Owners of the parent		148,899	154,771
Non-controlling interests		(166)	(327)
Total comprehensive income for the year		148,733	154,444
Basic and diluted earnings per share (TZS)	16(a)	297.80	309.54

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

	Note	2015 TZS' Millions	2014 TZS' Millions
Interest and similar income	7(b)	438,713	417,603
Interest and similar expenses	8	(68,529)	(39,264)
Net interest income		370,184	378,339
Loan impairment charges	20	(13,009)	(16,589)
Net interest income after loan impairment		357,175	361,750
Fee and commission income	9(b)	124,671	117,149
Fee and commission expense	9(b)	(10,253)	(7,369)
Net fee and commission income		114,418	109,780
Total operating income		471,593	471,530
Foreign exchange income	10(b)	26,430	17,620
Other income	11(b)	18,663	9,250
Employee benefits expense	12	(130,649)	(116,693)
General and administrative expenses	13(b)	(151,328)	(137,592)
Depreciation and amortization	14	(17,381)	(19,456)
Profit before tax		217,328	224,659
Income tax expense	15	(67,040)	(69,036)
Profit for the year		150,288	155,623
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)	(80)	(68)
Total comprehensive income for the year		150,208	155,555
Basic and diluted earnings per share (TZS)	16(b)	300.42	311.11

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2015 TZS' Millions	2014 TZS' Millions
Assets			
Cash and balances with Bank of Tanzania	18	972,106	807,402
Placements and balances with other banks	19	193,053	140,908
Loans and advances to customers	20(a)	2,457,282	1,986,162
Investment securities held-to-maturity	21(a)	672,540	736,352
Investment securities available for sale	21(b)	729	774
Goodwill	22(c)	13,282	-
Equity investments	22(a)	1,740	1,740
Other assets	23(a)	36,204	55,231
Property and equipment	24(a)	194,217	126,695
Intangible assets	25	10,237	4,437
Current tax assets	15(b)	2,387	3,865
Deferred tax assets	26	22,736	25,102
Total assets		4,576,513	3,888,668
Liabilities			
Deposits due to other banks		1,600	5,244
Deposits from customers	27(a)	3,564,770	3,005,585
Other liabilities	28(a)	76,050	92,484
Provisions	29	3,229	4,552
Borrowings	30	265,753	204,095
Total liabilities		3,911,402	3,311,960
Capital and reserves			
Share capital	31	20,000	20,000
Retained earnings		618,165	545,862
Regulatory reserve		24,676	-
Fair valuation reserve	31	(148)	(68)
Capital and reserves attributable to owners of the parent		662,693	565,794
Non-controlling interests		2,418	10,914
Total equity and liabilities		4,576,513	3,888,668

The financial statements on pages 70 to 136 were approved and authorised for issue by the Board of Directors and signed on its behalf by:



Prof. Joseph Semboja
Chairman
25th March 2016

BANK'S STATEMENT OF FINANCIAL POSITION

	Note	2015 TZS' Millions	2014 TZS' Millions
Assets			
Cash and balances with Bank of Tanzania	18	972,106	807,402
Placements and balances with other banks	19	193,053	140,908
Loans and advances to customers	20(b)	2,481,753	2,007,389
Investment securities held-to-maturity	21(a)	672,540	736,352
Investment securities available for sales	21(b)	729	774
Equity investments	22(b)	41,379	20,600
Other assets	23(b)	30,005	49,319
Property and equipment	24(b)	153,166	85,847
Intangible assets	25	10,237	4,437
Current tax assets	15(b)	2,387	3,865
Deferred tax assets	26	22,736	25,102
Total assets		4,580,091	3,881,995
Liabilities			
Deposit due to other banks		1,600	5,244
Deposits from customers	27(b)	3,567,871	3,006,640
Other liabilities	28(b)	76,209	94,243
Provisions	29	3,229	4,552
Borrowing	30	265,753	204,095
Total liabilities		3,914,662	3,314,774
Capital and reserves			
Share capital	31	20,000	20,000
Retained earnings		620,901	547,289
Regulatory reserve		24,676	-
Fair valuation reserve	31	(148)	(68)
Total equity		665,429	567,221
Total equity and liabilities		4,580,091	3,881,995

The financial statements on pages 70 to 136 were approved and authorised for issue by the Board of Directors and signed on its behalf by:



Prof. Joseph Semboja
Chairman
25th March 2016

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained earnings	Fair valuation and other	Regulatory reserve	Total	Non-controlling interest	Total equity
	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions	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)	-	24,676	-	-	-
Other comprehensive loss	-	-	(80)	-	(80)	-	(80)
Acquisition of additional share-holding	-	-	-	-	-	(8,330)	(8,330)
Total comprehensive income	-	124,303	(80)	24,676	148,899	(8,496)	140,403
Transactions with owners							
Dividends paid - Final 2014	-	(52,000)	-	-	(52,000)	-	(52,000)
At 31 December 2015	20,000	618,165	(148)	24,676	662,693	2,418	665,111
At 1 January 2014	20,000	436,023	-	-	456,023	11,241	467,264
Profit/(loss) for the year	-	154,839	-	-	154,839	(327)	154,512
Other comprehensive loss	-	-	(68)	-	(68)	-	(68)
Total comprehensive income	-	154,839	(68)	-	154,771	(327)	154,444
Transactions with owners							
Dividends paid - Final 2013	-	(45,000)	-	-	(45,000)	-	(45,000)
At 31 December 2014	20,000	545,862	(68)	-	565,794	10,914	576,708

BANK'S STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained earnings	Fair valuation reserve	Regulatory reserve	Total
	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions
At 1 January 2015	20,000	547,289	(68)	-	567,221
Comprehensive income					
Profit for the year	-	150,288	-	-	150,288
Transfer	-	(24,676)	-	24,676	-
Other comprehensive loss	-	-	(80)	-	(80)
Total comprehensive loss	-	125,612	(80)	24,676	150,208
Transactions with owners					
Dividends paid – Final 2014	-	(52,000)	-	-	(52,000)
At 31 December 2015	20,000	620,901	(148)	24,676	665,429
At 1 January 2014	20,000	436,666	-	-	456,666
Comprehensive income					
Profit for the year	-	155,623	-	-	155,623
Other comprehensive income	-	-	(68)	-	(68)
Total comprehensive income	-	155,623	(68)	-	155,555
Transactions with owners					
Dividends paid – Final 2013	-	(45,000)	-	-	(45,000)
At 31 December 2014	20,000	547,289	(68)	-	567,221

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2015 TZS' Millions	2014 TZS' Millions
Cash generated from operations	33(a)	265,191	285,599
Tax paid	15(b)	(63,196)	(72,850)
Net cash generated from operations		201,995	212,749
Cash flows from investing activities			
Decrease in held to maturity government securities		63,812	84,392
Increase in available for sale government securities		(35)	(842)
Purchase of property and equipment	24(a)	(83,683)	(61,541)
Purchase of intangible assets	25	(7,241)	(311)
Proceeds on disposal of property and equipment		73	337
Goodwill adjustment		(13,282)	-
Changes in non-controlling interest		(8,330)	-
Net cash (used in)/generated from investing activities		(48,686)	22,035
Cash flows from financing activities			
Borrowings	30	61,658	43,284
Dividends paid	17	(52,000)	(45,000)
Net cash generated from/(used in) financing activities		9,658	(1,716)
Net increase in cash and cash equivalents		162,967	233,068
Cash and cash equivalents at beginning of the year		621,998	388,930
Cash and cash equivalents end of the year	32	784,965	621,998
Analysis of cash and cash equivalents at end of the year:			
Cash in hand		267,219	207,987
Balances with Bank of Tanzania		324,693	273,103
Deposits and balances due from banking institutions		193,053	140,908
		784,965	621,998

BANK'S STATEMENT OF CASH FLOWS

	Note	2015 TZS' Millions	2014 TZS' Millions
Cash generated from operations	33(b)	264,155	273,681
Tax paid	15(b)	(63,196)	(72,850)
Net cash generated from operations		200,959	200,831
Cash flows from investing activities			
Decrease in held to maturity government securities		63,812	84,392
Increase in available for sale government securities		(35)	(842)
Purchase of property and equipment	24	(83,480)	(49,623)
Purchase of intangible assets	25	(7,241)	(311)
Proceeds on disposal of property and equipment		73	337
Acquisition of shares in Ohio Street Properties Limited	22(b)	(20,779)	-
Net cash (used in)/generated from investing activities		(47,650)	33,953
Cash flows from financing activities			
Borrowing	30	61,658	43,284
Dividends paid	17	(52,000)	(45,000)
Net cash generated from/(used in) financing activities		9,658	(1,716)
Net increase in cash and cash equivalents		162,967	233,068
Cash and cash equivalents at the beginning of the year		621,998	388,930
Cash and cash equivalents end of the year	32	784,965	621,998
Analysis of cash and cash equivalents at end of the year:			
Cash in hand		267,219	207,987
Balances with Bank of Tanzania		324,693	273,103
Deposits and balances due from banking institutions		193,053	140,908
		784,965	621,998

NOTES TO THE FINANCIAL STATEMENTS FOR THE ENDED 31 DECEMBER 2015

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 three companies namely; Upanga Joint Venture Company (UJVC) Limited, Ohio Street Properties (OSP) Limited and Tanzania Mortgage Refinance Company (TMRC) Limited (together the "Group").

Significant changes in the current period

The acquisition of 49% of Ohio Street Properties Limited from Mirambo Street Properties Limited in 15 December 2015 which resulted in increase in equity investments and recognition of goodwill.

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

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

The following new and revised IFRSs have been applied in the current year and had no material impact on the amounts reported in these financial statements.

Amendment to IAS 19, 'Employee benefits regarding employee or third party contributions to defined benefit plans.	The amendment applies to contributions from employees or third parties to defined benefit plans and clarifies the treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example employee contributions that are calculated according to a fixed percentage of salary. Entities with plans that require contributions that vary with service will be required to recognise the benefit of those contributions over employee's working lives.
Annual improvements 2011 - 2013 cycle	These annual improvements amend standards from the 2011 - 2013 reporting cycle, it includes changes to: <ul style="list-style-type: none"> IFRS 1 - Clarify which versions of IFRSs can be used on initial adoption (amends basis for conclusions only); IFRS 3 - Clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself; IFRS 13 - Clarify the scope of the portfolio exception in paragraph 52; and IAS 40 - Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.
Annual improvements 2010 - 2012 cycle	These annual improvements amend standards from the 2012 reporting cycle. It includes changes to: <ul style="list-style-type: none"> IFRS 2 - Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'. IFRS 3, 'Business combinations', and clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or equity, on the basis of the definitions in IAS 32, 'Financial instruments: Presentation'. It also clarifies that all non-equity contingent consideration is measured at fair value at each reporting date, with changes in value recognised in profit or loss. IFRS 8, 'Operating segments' which is amended to require disclosure of the judgements made by management in aggregating operating segments. It is also amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported. IFRS 13, 'Fair value' which amended the basis of conclusions to clarify that it did not intend to remove the ability to measure short term receivables and payables at invoice amounts where the effect of discounting is immaterial. IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets' are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. IAS 24, 'Related party disclosures' is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required.

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

(b) New and revised IFRSs in issue but not yet effective for year ended 31 December 2015, but will be effective for later periods.

Standard or amendments	Key requirements	Effective Date
IFRS 9, 'Financial instruments'	The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.	1 January 2018
IFRS 14 Regulatory Deferral Accounts	IFRS 14 specifies the accounting for regulatory deferral account balances that arise from rate-regulated activities. The Standard is available only to first-time adopters of IFRSs who recognised regulatory deferral account balances under their previous GAAP. IFRS 14 permits eligible first-time adopters of IFRSs to continue their previous GAAP rate-regulated accounting policies, with limited changes, and requires separate presentation of regulatory deferral account balances in the statement of financial position and statement of profit or loss and other comprehensive income. Disclosures are also required to identify the nature of, and risks associated with, the form of rate regulation that has given rise to the recognition of regulatory deferral account balances.	1 January 2016
IFRS 15, 'Revenue from contracts with customers'	The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations.	1 January 2018
IFRS 16 Leases	IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases.	1 January 2019
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	This amendment provides new guidance on how to account for the acquisition of an interest in a joint venture operation that constitutes a business. The amendments require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a 'business'. The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation. However, a previously held interest is not re-measured when the acquisition of an additional interest in the same joint operation results in retaining joint control.	1 January 2016

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

(b) New and revised IFRSs in issue but not yet effective for year ended 31 December 2015, but will be effective for later periods (continued)

Standard or amendments	Key requirements	Effective Date
Amendments to IAS 1 Disclosure Initiative	<p>The amendments were a response to comments that there were difficulties in applying the concept of materiality in practice as the wording of some of the requirements in IAS 1 had in some cases been read to prevent the use of judgement. Certain key highlights in the amendments are as follows:</p> <ul style="list-style-type: none"> An entity should not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. An entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material. In the other comprehensive income section of a statement of profit or loss and other comprehensive income, the amendments require separate disclosures for the following items: <ul style="list-style-type: none"> The share of other comprehensive income of associates and joint ventures accounted for using the equity method that will not be reclassified subsequently to profit or loss; and The share of other comprehensive income of associates and joint ventures accounted for using the equity method that will be reclassified subsequently to profit or loss. 	1 January 2016
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	<p>This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. This has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The presumption may only be rebutted in certain limited circumstances. These are where the intangible asset is expressed as a measure of revenue; or where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated</p>	1 January 2016
Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)	<p>The amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. In terms of the amendments, bearer plants can be measured using either the cost model or the revaluation model set out in IAS 16. The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.</p>	1 January 2016
Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)	<p>Amends IAS 12 Income Taxes to clarify the following aspects:</p> <p>Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.</p> <p>The carrying amount of an asset does not limit the estimation of probable future taxable profits.</p> <p>Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.</p> <p>An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type</p>	1 January 2017
Disclosure Initiative (Amendments to IAS 7)	<p>Statement of Cash Flows to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities</p>	1 January 2017
Equity Method in Separate Financial Statements (Amendments to IAS 27)	<p>The amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.</p>	1 January 2016

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

(b) New and revised IFRSs in issue but not yet effective for year ended 31 December 2015, but will be effective for later periods.

Standard or amendments	Key requirements	Effective Date
Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)	<p>The amendments clarify that the exemption from preparing financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. Consequential amendments have also been made to IAS 28 to clarify that the exemption from applying the equity method is also applicable to an investor in an associate or joint venture if that investor is a subsidiary of an investment entity that measures all its subsidiaries at fair value.</p> <p>The amendments further clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves. Moreover, the amendments clarify that in applying the equity method of accounting to an associate or a joint venture that is an investment entity, an investor may retain the fair value measurements that the associate or joint venture used for its subsidiaries.</p> <p>Lastly, clarification is also made that an investment entity that measures all its subsidiaries at fair value should provide the disclosures required by IFRS 12 Disclosures of Interests in Other Entities.</p>	1 January 2016
Annual improvements 2010 - 2014 cycle	<p>These annual improvements amend standards from the 2012 - 2014 reporting cycle. It includes changes to:</p> <ul style="list-style-type: none"> • IFRS 5 - Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued; • IFRS 7 - Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements; • IAS 9 - Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid; and • IAS 34 - Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference 	1 July 2016

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

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.

(a) 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.

(b) Segmental reporting

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

(c) 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 2015.

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. Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

III. Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity-accounted investments is tested for impairment.

IV. 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.

V. 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.

VI. Separate financial statements

In the separate financial statements, investments in subsidiaries and associates are accounted for at cost less impairment.

(d) 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Interest income and expense (continued)

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 rate of interest that was used to discount the future cash flows for the purpose of measuring the impairment loss.

(e) 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.

(f) 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.

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 profit or loss. All foreign exchange gains and losses are presented in profit or loss within 'Foreign exchange income or cost'.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial assets

The Group and Bank classifies its financial assets into the following categories: loans and receivables, held-to-maturity 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. Loans and receivables are reported in the statement of financial position as loans and advances to customers, Placement and balances with other banks or as investment securities.

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 and recognised in the profit or loss as 'loan impairment charges'.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group management has the positive intention and ability to hold to maturity, other than:

- a. those that the Bank upon initial recognition designates as at fair value through profit or loss;
- b. those that the Bank designates as available for sale; and
- c. those that meet the definition of loans and receivables.

Held-to-maturity investments are initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortised cost, using the effective interest method.

(iii) 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 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Recognition of financial assets

The Group uses trade date accounting for regular way contracts when recording financial asset transactions. Financial assets that are transferred to a third party but do not qualify for derecognition are presented in the statement of financial position as 'Assets pledged as collateral', if the transferee has the right to sell or repledge them.

(i) 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 include deposits from banks or customers and other liabilities.

(j) 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.

(k) 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 customer	Loans and receivables
Government bonds and bills	Held-to-maturity
Treasury bond	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

(l) 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(I) Impairment of financial assets (continued)

(i) Assets carried at amortised cost (continued)

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

- Significant financial difficulty 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.

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 in 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Impairment of financial assets (CONTINUED)

(iii) Renegotiated loans

Loans that are either subject to collective impairment assessment or individually significant and whose terms have been renegotiated are no longer considered to be past due but are treated as new loans. In subsequent years, the asset is considered to be past due and disclosed only if renegotiated again.

(m) 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.

(n) 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.

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.

(o) Income tax

Income tax expense is the aggregate of the charge in profit or loss in respect of current and deferred income tax. Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Tanzania Income Tax Act, 2004.

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 financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that the directors consider that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(p) 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Provisions (continued)

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.

(q) Non-financial assets

(i) Property and equipment

Property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly 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
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 programmes are recognised as an expense when incurred.

(iii) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Non-financial assets (continued)*(iii) Goodwill (continued)*

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

(r) 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. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

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 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 2015.

(s) 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.

(t) Employee benefits*Retirement benefit obligations*

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 Bank and Subsidiaries has no legal or constructive obligation to pay further contributions if the Funds does not hold sufficient assets to pay all employees the benefit relating to the employees service in the current and prior periods.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) 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.

(v) 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.

(w) 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.

(x) 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 income statement 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.

(y) 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Contingencies and commitments (continued)

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.

(z) 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 KEY SOURCES OF ESTIMATION UNCERTAINTY

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 effect of sensitivity analysis is not material due to the impairment approach adopted by the Group.

(b) Held-to-maturity investments

The Group follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Group evaluates its intention and ability to hold such investments to maturity. If Group fails to keep these investments to maturity other than for the specific circumstances - for example, selling an insignificant amount close to maturity - it will be required to reclassify the entire class as available-for-sale.

(c) 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.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(d) 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 recognises 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 2015 was TZS 22,736 million (2014: TZS 25,102 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.

(e) Impairment of available for sale equity investments

The Bank and Group determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Bank evaluates among other factors, the volatility in share price. In addition, objective evidence of impairment may be deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

(f) Provisions

The Bank and Group has provided for the liabilities arising out of contractual obligations. The closing balance of provisions on litigations amounted to TZS 3,229 million (2014: TZS 4,552 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 Bank's subsidiaries are in early stages of commencing commercial operations. Consequently, the segment information presented below relates only to the Bank.

The Bank has the following business segments: Treasury, Retail and Wholesale banking. 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 Bank meet the definition of a reportable segment under IFRS 8.

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 banking	Retail banking	Total
Interest income	99,815	75,036	263,862	438,713
Interest expense	(45,869)	(8,267)	(14,393)	(68,529)
Net Interest Income	53,946	66,769	249,469	370,184
Loan impairment charges	-	(2,160)	(10,849)	(13,009)
Net fees and commission, Foreign exchange and other income	29,797	12,557	117,157	159,511
Employee benefits expense	(13,065)	(26,130)	(91,454)	(130,649)
General and administrative expenses	(14,159)	(28,317)	(108,852)	(151,328)
Depreciation and amortization	(1,738)	(3,477)	(12,166)	(17,381)
Operating profit	54,781	19,242	143,305	217,328
Income tax provision	(16,899)	(5,935)	(44,206)	(67,040)
Profit after tax	37,882	13,307	99,099	150,288
Segment assets, liabilities and equity				
Total assets	1,926,664	639,665	2,013,762	4,580,091
Total liabilities and equity	863,905	1,618,852	2,097,334	4,580,091

5 SEGMENT REPORTING (CONTINUED)

The segment information provided to the Bank's Management Team for the reportable segments for the year ended 31 December 2014 is as follows (all amounts in TZS million):

2014	Treasury	Wholesale banking	Retail banking	Total
Interest income	113,176	65,975	238,452	417,603
Interest expense	(64,775)	15,853	9,658	(39,264)
Net Interest Income	48,401	81,828	248,110	378,339
Loan impairment charges	-	(4,954)	(11,635)	(16,589)
Net fees and commission, Foreign exchange and other income	16,186	10,313	110,151	136,650
Employee benefits expense	(11,669)	(23,339)	(81,685)	(116,693)
General and administrative expenses	(13,060)	(26,119)	(98,413)	(137,592)
Depreciation and amortization	(1,946)	(3,891)	(13,619)	(19,456)
Operating profit	37,912	33,838	152,909	224,659
Income tax provision	(7,519)	(14,529)	(46,988)	(69,036)
Profit after tax	30,393	19,309	105,921	155,623
Segment assets, liabilities and equity				
Total assets	1,132,492	693,020	2,056,483	3,881,995
Total liabilities and equity	773,001	1,260,765	1,848,229	3,881,995

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 Bank's total income.

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.

6 FINANCIAL RISK MANAGEMENT

The Bank's subsidiaries are in early stages of commencing commercial operations. Consequently, the financial risk management information presented below relates only to the Bank.

Taking risk is core to the banking business, and the operational risks are inevitable consequence of being in business. 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 foreign exchange risk, interest rate risk, credit risk, and liquidity risk. In addition, internal audit is responsible for the independent review of risk management and the control environment. The most important risks are credit risk, liquidity risk and market risk.

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.

6.1.1 Credit risk measurement

Loans and advances

In measuring credit risk of loans and advances to customers and banks at a counterparty level, the Bank reflects three components (i) the 'probability of default' by the client or counterparty on its contractual obligations; (ii) current exposures to the counterparty and its likely future development, from which the Bank derive the 'exposure at default'; and (iii) the likely recovery ratio on the defaulted obligations (the 'loss given default').

For internal monitoring of the quality of the portfolio, the Bank uses loan classification and provision based on requirements of the Bank of Tanzania. These credit risk measurements, which reflect expected loss (the 'expected loss model'), 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.

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.1 Credit risk measurement (continued)

Loans and advances (continued)

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 - 270
Loss	91 or more	271 and more

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 premises inventory and accounts receivable;
- Charges over financial instruments such as debt securities and equities.

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

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.2 Risk limit control and mitigation policies

(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).

	31 December 2015		31 December 2014	
	Loans and advances to customers	Impairment provision	Loans and advances to customers	Impairment provision
Micro and Small Enterprises (MSE)	188,672	3,106	154,376	3,625
Consumer	1,474,121	11,695	1,155,849	9,860
Corporate customers	664,795	18,745	506,660	19,011
Small and Medium size Enterprises (SME)	190,389	2,678	229,881	6,881
	2,517,977	36,224	2,046,766	39,377

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 [I (i)].

The Bank's policy requires the review of individual financial assets that are above materiality thresholds 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 balance-sheet 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.

In addition, the Bank makes portfolio impairment based on the probability of losses using historic default ratios.

FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.4 Loans and advances

Loans and advances are summarised as follows:

	Note	2015 TZS Millions	2014 TZS Millions
Neither past due nor impaired	6.1.4(a)	2,374,688	1,856,070
Past due but not impaired	6.1.4(b)	91,588	134,701
Individually impaired	6.1.4(c)	51,701	55,995
Gross		2,517,977	2,046,766
Less: allowance for impairment		(36,224)	(39,377)
Net		2,481,753	2,007,389
Portfolio allowance		(17,176)	(21,244)
Individually impaired		(19,048)	(18,133)
		(36,224)	(39,377)

The total impairment provision for loans and advances is TZS 36,224 million (2014: TZS 39,377 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 2015, the Bank's total loans and advances increased by 23% (2014: 24%) 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.

(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:

	2015 TZS Millions	2014 TZS Millions
MSEs	175,231	142,110
Consumer loans	1,404,026	1,045,105
Corporate customers	617,035	459,945
SMEs	178,396	208,910
	2,374,688	1,856,070

FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.4 Loans and advances (continued)

(a) Loans and advances neither past due nor impaired (Continued)

94.3% (2014: 90.7%) of the loans and advances that were neither past due nor impaired fall under top grade of the internal rating system, known as Current. The rest fall under next grades known as "Especially mentioned" and "Sub-standard".

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.

(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), 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:

	Individual (retail) customers		Corporate customers		Total
	MSEs	Consumer	Corporate customers	SMEs	
	TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions
31 December 2015					
Past due up to 30 days	6,600	38,314	4,586	5,206	54,706
Past due 30 - 60 days	1,327	10,591	2,710	1,255	15,883
Past due 60 - 90 days	1,040	5,699	839	1,000	8,578
Past due 90 - 180 days	1,686	7,242	2,011	1,482	12,421
Total	10,653	61,846	10,146	8,943	91,588
31 December 2014					
Past due up to 30 days	2,447	72,581	4,326	11,937	91,291
Past due 30 - 60 days	1,174	12,757	2,581	1,867	18,379
Past due 60 - 90 days	747	2,200	-	1,678	4,625
Past due 90 - 180 days	4,181	12,512	2,578	1,135	20,406
Total	8,549	100,050	9,485	16,617	134,701

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 2015 was TZS 51,701 million (2014: TZS 55,995 million).

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

	2015 TZS Millions	2014 TZS Millions
MSEs	2,788	3,717
Consumer loans	8,249	10,694
Corporate customers	37,614	37,230
SMEs	3,050	4,354
	51,701	55,995

(d) Amounts due from banks

The total gross amount of impaired amounts due from banks as at 31 December 2015 was nil (2014: 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 not impaired. There are no credit ratings for these investments.

6.1.6 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.

6.1.7 Concentration of risks of financial assets with credit risk exposure

(a) 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 2015. For this table, the Bank has allocated exposures to regions based on the country of domicile of its counterparties.

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

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

(a) 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 (excluding cash in hand)	704,887	-	-	-	704,887
Placement and balances with other banks	74,968	66,451	51,308	326	193,053
Investment securities held-to-maturity	672,540	-	-	-	672,540
Investment securities available for sale	729	-	-	-	729
Loans and advances to customers:					
Loans to individuals:					
- MSEs	185,566	-	-	-	185,566
- Consumer loans	1,462,425	-	-	-	1,462,425
Loans to corporate entities:					
- Corporate customers	646,051	-	-	-	646,051
- SMEs	187,711	-	-	-	187,711
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 35(a))	11,273	-	-	-	11,273
Undrawn commitments (Note 35(a))	67,566	-	-	-	67,566
Acceptances and letters of credit (Note 35(a))	158,799	-	-	-	158,799
As at 31 December 2015	237,638	-	-	-	237,638

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

31 December 2014

Balances with the Bank of Tanzania (excluding cash in hand)	599,415	-	-	-	599,415
Placement and balances with other banks	12,670	75,089	53,129	20	140,908
Investment securities held-to-maturity	736,352	-	-	-	736,352
Loans and advances to customers:	774	-	-	-	774
Loans to individuals:					
- MSEs	150,751	-	-	-	150,751
- Consumer loans	1,145,989				1,145,989
Loans to corporate entities:					
- Corporate customers	487,649	-	-	-	487,649
- SMEs	223,000	-	-	-	223,000
Other assets (excluding prepayments)	34,881	-	-	-	34,881
As at 31 December 2014	3,391,481	75,089	53,129	20	3,519,719
Credit risk exposures relating to off-balance sheet assets are as follows:					
Guarantees and indemnities (Note 35(a))	10,017	-	-	-	10,017
Undrawn commitments (Note 35(a))	113,405	-	-	-	113,405
Acceptances and letters of credit (Note 35(a))	135,985	-	-	-	135,985
As at 31 December 2014	259,407	-	-	-	259,407

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.7 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 categorised by the industry sectors of its counterparties. (Amounts are in TZS' Millions):

	Financial institutions TZS Millions	Manufacturing TZS Millions	Trading and commercial TZS Millions	Transport and communication TZS Millions	Wholesale and retail TZS Millions	Agriculture TZS Millions	Individuals TZS Millions	Others TZS Millions	Total TZS Millions
31 December 2015									
Balances with the Bank of Tanzania (excluding cash in hand)	704,887	-	-	-	-	-	-	-	704,887
Placement and balances with other banks	193,053	-	-	-	-	-	-	-	193,053
Investment securities held-to-maturity	672,540	-	-	-	-	-	-	-	672,540
Investment securities 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
- Consumer loans	-	22,794	7,978	6,588	54	481	1,403,564	20,968	1,462,427
Loans to corporate entities:									
- Corporate customers	459	183,349	201,984	116,006	93,894	29,030	-	21,326	646,048
- SMEs	-	25,859	38,926	2,133	102,759	5,165	1,028	11,841	187,711
Other assets (excluding prepayments)	-	-	-	-	-	-	-	14,272	14,272
As at 31 December 2015	1,571,698	233,218	249,361	125,550	363,806	35,802	1,404,592	83,207	4,067,234
Credit risk exposures relating to off-balance sheet assets are as follows:									
Guarantees and indemnities - (Note 35(a))	-	2,670	-	2,344	-	-	-	6,259	11,273
Undrawn commitments (Note 35(a))	67,566	-	-	-	-	-	-	-	67,566
Acceptances and letters of credit (Note 35(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

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

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

(b) Industry sectors (continued)

	Financial institutions	Manufacturing	Trading and commercial	Transport and communication	Wholesale and retail	Agriculture	Individuals	Others	Total
	TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions
31 December 2014									
Balances with the Bank of Tanzania (excluding cash in hand)	599,415	-	-	-	-	-	-	-	599,415
Placement and balances with other banks	140,908	-	-	-	-	-	-	-	140,908
Investment securities held-to-maturity	736,352	-	-	-	-	-	-	-	736,352
Investment securities available for sale	774	-	-	-	-	-	-	-	774
Loans and advances to customers:									
Loans to individuals:									
- MSE	1,116	1,771	8,411	1,088	122,533	1,471	8,838	5,523	150,751
- Consumer loans	8,282	15,163	7,102	7,532	4,503	3,723	1,089,730	9,954	1,145,989
Loans to corporate entities:									
- Corporate customers	-	263,317	72,807	59,362	10,877	34,176	41,707	5,403	487,649
- SMEs	33	10,864	26,182	1,086	114,324	1,764	66,737	2,010	223,000
Other assets (excluding prepayments)	34,881	-	-	-	-	-	-	-	34,881
As at 31 December 2014	1,521,761	291,115	114,502	69,068	252,237	41,134	1,207,012	22,890	3,519,719
Credit risk exposures relating to off-balance sheet assets are as follows:									
Guarantees and indemnities (Note 35(a))	701	2,132	6,205	285	9	110	-	575	10,017
Undrawn commitments (Note 35(a))	1,318	15,931	26,974	18,897	4,724	42,602	2,165	794	113,405
Acceptances and letters of credit (Note 35(a))	-	25,816	103,270	6,001	-	-	-	898	135,985
As at 31 December 2014	2,019	43,879	136,449	25,183	4,733	42,712	2,165	2,267	259,407

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 2015. Included in the table are the Bank's financial instruments at carrying amounts, categorised by currency.

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

As at 31 December 2015	TZS Millions	USD Millions	EURO Millions	GBP Millions	Others Millions	Total Millions
Assets						
Cash and balances with Bank of Tanzania	679,013	288,721	3,216	991	165	972,106
Placement and balances with other banks	63,723	106,742	19,701	2,185	702	193,053
Investment securities held-to-maturity	672,540	-	-	-	-	672,540
Investment securities available for sale	729	-	-	-	-	729
Loans and advances to customers	2,255,120	226,633	-	-	-	2,481,753
Equity investments	41,379	-	-	-	-	41,379
Other assets (excluding prepayments)	14,272	-	-	-	-	14,272
Total financial assets	3,726,776	622,096	22,917	3,176	867	4,375,832
Liabilities						
Deposits from customers	3,135,058	423,530	6,055	3,228	-	3,567,871
Deposits from banks	1,600	-	-	-	-	1,600
Long term borrowing	55,684	210,069	-	-	-	265,753
Other liabilities (excluding non-financial other liabilities)	74,179	2,021	1	8	-	76,209
Total financial liabilities	3,266,521	635,620	6,056	3,236	-	3,911,433
Net on-balance sheet financial position	460,255	(13,524)	16,861	(60)	867	464,399
Off balance sheet position						
Guarantee and indemnities (Note 35(a))	5,450	5,823	-	-	-	11,273
Undrawn commitments (Note 35(a))	43,073	24,493	-	-	-	67,566
Acceptance and letters of credit (Note 35(a))	1,500	151,970	5,329	-	-	158,799
	50,023	182,286	5,329	-	-	237,638

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 2014	TZS Millions	USD Millions	EURO Millions	GBP Millions	Others Millions	Total Millions
Assets						
Cash and balances with Bank of Tanzania	683,994	120,593	2,361	452	2	807,402
Placement and balances with other banks	12,670	120,417	4,804	2,890	127	140,908
Investment securities held-to-maturity	736,352	-	-	-	-	736,352
Investment securities available for sale	774	-	-	-	-	774
Loans and advances to customers	1,836,143	171,246	-	-	-	2,007,389
Equity investments	20,600	-	-	-	-	20,600
Other assets (excluding prepayments)	34,877	4	-	-	-	34,881
Total financial assets	3,325,410	412,260	7,165	3,342	129	3,748,306
Liabilities						
Deposits from customers	2,755,464	247,114	3,429	633	-	3,006,640
Deposits from banks	-	5,244	-	-	-	5,244
Long term borrowing	69,959	134,136	-	-	-	204,095
Other liabilities (excluding non-financial other liabilities)	59,615	492	4	6	-	60,117
Total financial liabilities	2,885,038	386,986	3,433	639	-	3,276,096
Net on-balance sheet financial position	440,372	25,274	3,732	2,703	129	472,210
Off balance sheet position						
Guarantee and Indemnities (Note 35(a))	4,285	5,732	-	-	-	10,017
Undrawn commitments (Note 35(a))	89,800	23,605	-	-	-	113,405
Acceptance and letters of credit (Note 35(a))	55	133,084	2,846	-	-	135,985
	94,140	162,421	2,846	-	-	259,407

Foreign exchange sensitivity analysis

At 31 December 2015, if the Tanzanian shilling (TZS) had weakened/strengthened by 10% (2014: 10%) against US Dollar, with all other variables held constant, Bank's post tax profit for the year would have been TZS 3,537 million (2014: TZS 2,527 million) higher/lower mainly as a result of foreign exchange losses on translation of US Dollar dominated cash and balances with the Bank of Tanzania, Placement and balances with other banks and customers and deposits from customers and other banks.

At 31 December 2015, if the Tanzanian shilling (TZS) had weakened/strengthened by 10% (2014: 10%) against Euro, with all other variables held constant, Bank's post tax profit for the year would have been TZS 2 million (2014: TZS 373 million) higher/lower mainly as a result of foreign exchange losses on translation of Euro dominated placement and balances with other banks and deposits from customers and other banks.

At 31 December 2015, if the Tanzanian shilling (TZS) had weakened/strengthened by 10% (2014: 10%) against Pound (GBP), with all other variables held constant, Bank's post tax profit for the year would have been TZS 0.5 million (2014: TZS 270 million) higher/lower mainly as a result of foreign exchange losses on translation of Pound dominated cash and balances with Bank of Tanzania, placement and balances with other banks and customers and deposits from customers and other banks.

The effect of translation of Placement 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 FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

As at 31 December 2015	Up to 1 month	1 - 3 months	3 - 12 month	1 - 5 years	Over 5 years	Non-interest bearing	Total
	TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions
Assets							
Cash and balances with Bank of Tanzania	-	-	-	-	-	972,106	972,106
Investment securities held-to-maturity	71,170	137,919	191,977	266,067	5,407	-	672,540
Investment securities 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	-	-	-	-	-	41,379	41,379
Other assets (excluding prepayments)	-	-	-	-	-	14,272	14,272
Total financial assets	276,002	238,651	778,608	1,751,708	173,776	1,157,087	4,375,832
Liabilities							
Deposits from customers	1,468,730	109,196	284,772	367	-	1,704,806	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	1,470,330	126,356	325,005	192,250	16,477	1,781,015	3,911,433
Total interest repricing gap	(1,194,328)	112,295	453,603	1,559,458	157,299	(623,928)	464,399

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (continued)

6.2.2 Interest rate risk (continued)

As at 31 December 2014	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non- interest bearing	Total
	TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions
Assets							
Cash and balances with Bank of Tanzania	-	-	-	-	-	807,402	807,402
Investment securities held-to-maturity	73,783	117,945	264,598	248,356	31,670	-	736,352
Investment securities available for sale	-	-	-	774	-	-	774
Placement and balances with other banks	7,023	4,892	-	-	-	128,993	140,908
Loans and advances to customers	116,849	62,241	508,056	1,171,385	148,858	-	2,007,389
Equity Investments	-	-	-	-	-	20,600	20,600
Other assets (excluding prepayments)	-	-	-	-	-	34,881	34,881
Total financial assets	197,655	185,078	772,654	1,420,515	180,528	991,876	3,748,306
Liabilities							
Deposits from customers	1,182,841	32,936	238,231	1,191	-	1,551,431	3,006,630
Deposit from banks	-	5,244	-	-	-	-	5,244
Long term borrowing	-	-	-	187,830	16,265	-	204,095
Other liabilities (excluding non-financial other liabilities)	-	-	-	-	-	60,117	60,117
Total financial liabilities	1,182,841	38,180	238,231	189,021	16,265	1,611,548	3,276,086
Total interest repricing gap	(985,186)	146,898	534,423	1,231,494	164,263	(619,672)	472,220

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).

	Weighted average	Net Interest Bearing Funding	Net position	Impact
	TZS Millions	TZS Millions	TZS Millions	TZS Millions
Sensitivity period				
2015				
Less than 30 days	5,767	138,419	(132,652)	1,327
1 year	237,543	554,314	(316,771)	3,168
2014				
Less than 30 days	6,745	129,804	(123,059)	1,231
1 year	244,303	537,815	(293,512)	2,935

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

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 discounted 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 2015, the interest bearing deposits had a balance of TZS 1,863,065 million (2014: TZS 1,292,877 million).

	Up to 1 month	1 - 3 months	3 - 12 months	Over 1 year
As at 31 December 2015				
Liabilities				
Deposits from customers	3,173,536	109,196	284,772	367
Placements and balances from other banks	1,600	-	-	-
Long term borrowing	-	17,160	40,233	208,360
Other liabilities (excluding non-financial liabilities)	76,209	-	-	-
Total liabilities	3,251,345	126,356	325,005	208,727
As at 31 December 2014				
Liabilities				
Deposits from customers	2,734,282	32,936	238,231	1,191
Placements and balances with other banks	-	5,244	-	-
Long term borrowing	-	14,294	46,398	143,403
Other liabilities (excluding non-financial liabilities)	60,117	-	-	-
Total liabilities	2,794,399	52,474	284,629	144,594

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

6.3 Liquidity risk (continued)

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);
- Treasury and other eligible bills; 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.

6.4 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 35), are summarised in the table below.

(b) Financial guarantees and other financial facilities

Financial guarantees (Note 35) are also included below based on the earliest contractual maturity date.

	No later than 1 year TZS' Millions	1 - 5 years TZS' Millions	Over 5 years TZS' Millions	Total TZS' Millions
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
As at 31 December 2014				
Guarantee and indemnities	10,017	-	-	10,017
Undrawn commitments	113,405	-	-	113,405
Acceptance and letter of credit	135,985	-	-	135,985
Total	259,407	-	-	259,407

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:

6 FINANCIAL RISK MANAGEMENT (CONTINUED)

6.5 Fair value of financial assets and liabilities

6.5.1 Fair value estimation

- 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.

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	Fair value at		Valuation technique and key inputs	Significant unobservable inputs	Relationship of unobservable input to fair value
	2015 TZS Millions	2014 TZS Millions	Hierarchy		
Available for sale Equity investment	1,740	1,740	Level 2	Net Asset of the Investee	N/A
Treasury bonds	729	774	Level 2	Market approach	N/A

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 (the 'Basel ratio') at 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 Finance Department is divided into two tiers:

- Tier 1 capital: share capital, retained earnings and reserves created by appropriations of retained earnings. Prepaid expenses and deferred charges are deducted in arriving at Tier 1 capital; and
- Tier 2 capital: qualifying subordinated loan capital and general provision which are held against future, presently unidentified losses and are freely available to meet losses which subsequently materialise.

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 2015 and year ended 31 December 2014. During those two periods, the Bank complied with all of the externally imposed capital requirements to which they are subject.

	Note	2015 TZS' Millions	2014 TZS' Million
Tier 1 capital			
Share capital		20,000	20,000
Retained earnings		620,901	547,289
Less: Prepaid expenses	23(b)	(15,733)	(14,438)
Less: Intangible assets	25	(10,237)	(4,437)
Less: Deferred tax assets	26	(22,736)	(25,102)
Total qualifying Tier 1 capital		592,195	523,312
Tier 2 capital			
General provision (portfolio impairment)	6.1.4	17,176	21,244
Fair valuation reserve		(148)	(68)
Capital Reserve		24,676	-
Total qualifying Tier 2 capital		41,704	21,176
Total regulatory capital		633,899	544,488
Risk-weighted assets			
On-balance sheet		2,691,349	2,194,136
Off-balance sheet	35(a)	237,638	259,407
Market risk		3,587	6,099
Total risk-weighted assets		2,932,574	2,459,642

	Required ratio (%)	2015 Required ratio (%)	2014 Required ratio (%)
Tier 1 capital	10%	20	21
Tier 1 + Tier 2 capital	12%	22	22

The increase of the regulatory capital in the 2015 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 2015.

7(a) INTEREST AND SIMILAR INCOME (GROUP)

	2015 TZS' Millions	2014 TZS' Millions
Loans and advances to customers	336,904	303,314
Government securities	96,068	110,629
Placements and balances with other banks	3,747	2,547
	436,719	416,490

7(a) INTEREST AND SIMILAR INCOME (BANK)

Loans and advances to customers	338,898	304,427
Government securities	96,068	110,629
Placements and balances with other banks	3,747	2,547
	438,713	417,603

8 INTEREST AND SIMILAR EXPENSES (GROUP AND BANK)

Deposits from customers		
- Time deposits	24,012	10,553
- Current accounts	17,905	4,847
- Saving deposits	14,047	11,706
Borrowing	11,303	10,455
Deposits due to other banks	1,262	1,703
	68,529	39,264

9(a) NET FEES AND COMMISSION INCOME (GROUP)

Fees and commission income

Credit related fees and commissions	33,447	34,478
Other fees	29,502	25,233
ATM fees and card issuing	22,776	22,072
Maintenance fees	19,802	17,897
Teller withdrawal fees	8,504	7,975
Commission - mobile banking	6,640	5,458
Government service fees	4,000	4,000
Fees and commission expense	124,671	117,113
Financial charges	(10,253)	(7,369)
Net fees and commission income	114,418	109,744

9 (b) NET FEES AND COMMISSION INCOME (BANK)

	2015 TZS' Millions	2014 TZS' Millions
Fees and commission income		
Credit related fees and commissions	33,447	34,514
Other fees	29,502	25,233
ATM fees and card issuing	22,776	22,072
Maintenance fees	19,802	17,897
Teller withdrawal fees	8,504	7,975
Commission - mobile banking	6,640	5,458
Government service fees	4,000	4,000
	124,671	117,149
Fees and commission expense		
Financial charges	(10,253)	(7,369)
Net fees and commission income	114,418	109,780

10 (a) FOREIGN EXCHANGE INCOME (GROUP)

Foreign currency trading and operation	21,992	17,620
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10 (b) FOREIGN EXCHANGE INCOME (BANK)

Foreign currency trading	26,430	17,620
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11 (a) OTHER INCOME (GROUP)

Miscellaneous income	23,904	8,890
Rental income	27	35
Profit on disposal of property and equipment	-	325
	23,931	9,250

11 (b) OTHER INCOME (BANK)

Miscellaneous income	18,636	8,890
Rental income	27	35
Profit on disposal of property and equipment	-	325
	18,663	9,250

12 EMPLOYEE BENEFIT EXPENSES (GROUP AND BANK)

	2015 TZS' Millions	2014 TZS' Millions
Salaries and allowances	74,696	77,543
Other emoluments	44,713	29,141
Pension costs - defined contribution plan	11,240	10,009
	130,649	116,693

13 (a) GENERAL AND ADMINISTRATIVE EXPENSES (GROUP)

Administrative expenses	84,842	82,268
Operating lease rent	17,031	10,663
Repairs and maintenance	29,175	22,538
Travelling expenses	10,997	10,017
Management contract expenses	6,051	4,170
Other expenses	2,401	7,261
Auditors' remuneration	696	435
Loss on disposal of property and equipment	148	-
Directors' remuneration:		
- Others	175	89
- Fees	123	113
	151,639	137,554

13 (b) GENERAL AND ADMINISTRATIVE EXPENSES (BANK)

Administrative expenses	84,842	82,268
Operating lease rent	17,031	10,663
Repairs and maintenance	29,175	22,538
Travelling expenses	10,997	10,017
Management contract expenses	6,051	4,170
Other expenses	2,090	7,299
Auditors' remuneration	696	435
Loss on disposal of property and equipment	148	-
Directors' remuneration:		
- Others	175	89
- Fees	123	113
	151,328	137,592

14 DEPRECIATION AND AMORTISATION (GROUP AND BANK)

Depreciation of property and equipment (Note 24)	14,503	18,696
Amortization of intangible assets (Note 25)	2,878	760
	17,381	19,456

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:

	2015 TZS' Millions	2014 TZS' Millions
Current tax:		
In respect of current year	64,674	71,245
In respect of prior year	-	53
	64,674	71,298
Deferred tax:		
In respect of current year (Note 26)	2,366	(2,212)
In respect of prior year (Note 26)	-	(50)
	2,366	(2,262)
	67,040	69,036

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

Reconciliation of account profit to tax charge:

Profit before income tax	217,328	224,659
Tax calculated at the statutory income tax rate of 30% (2014: 30%)	65,198	67,398
<i>Tax effect of:</i>		
Depreciation on non-qualifying assets	192	302
Expenses not deductible for tax purposes	1,650	1,333
Net under provision of deferred tax and current income tax in prior year	-	3
Income tax expense	67,040	69,036

(b) Current Tax Assets (Group and Bank)

At start of the year	3,865	2,313
Current year tax expense	(64,674)	(71,298)
Tax paid	63,196	72,850
Tax recoverable	2,387	3,865

The subsidiaries were at loss position hence no tax liability (2014: nil).

16 (a) 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:

	2015 TZS' Millions	2014 TZS' Millions
Net profit attributable to shareholders	148,899	154,771
Weighted average number of shares in issue in millions (Note 31)	500	500
Basic and diluted earnings per share	297.80	309.54

16 (b) EARNINGS PER SHARE (BANK)

Net profit attributable to shareholders	150,208	155,555
Weighted average number of shares in issue in millions (Note 31)	500	500
Basic and diluted earnings per share	300.42	311.11

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 2015 profit. In 2014, 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)

Cash in hand		
- local currency	237,999	174,395
- foreign currency	29,220	33,592
Balances with Bank of Tanzania		
- local currency	60,820	183,287
- foreign currency	263,873	89,816
Statutory Minimum Reserves (SMR)	380,194	326,312
	972,106	807,402

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 32). Cash in hand and balances with Bank of Tanzania are non-interest bearing.

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

	2015 TZS' Millions	2014 TZS' Millions
Balances with banks abroad	118,085	128,238
Placement with local banks		
- local currency	63,723	7,579
- foreign currency	11,245	-
Cheques and items for clearing from other banks	-	5,091
	193,053	140,908
Current	193,053	140,908

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

20 (a) LOANS AND ADVANCES TO CUSTOMERS (GROUP)

Loans and advances to customers		
Retail customers		
Consumer loans	1,470,749	1,154,053
MSE customers	177,115	133,149
	1,647,864	1,287,202
Corporate entities		
Large corporate entities	454,509	337,704
SMEs	113,052	144,302
Overdrafts	278,081	256,331
	845,642	738,337
Gross loans and advances to customers	2,493,506	2,025,539
Less: allowance for impairment	(36,224)	(39,377)
Net loans and advances to customers	2,457,282	1,986,162

20 (b) LOANS AND ADVANCES TO CUSTOMERS (BANK)

Loans and advances to customers		
Retail customers		
Consumer loans	1,470,749	1,154,053
MSE customers	201,586	154,376
	1,672,335	1,308,429
Corporate entities		
Large corporate entities	454,509	337,704
SMEs	113,052	144,302
Overdrafts	278,081	256,331
	845,642	738,337
Gross loans and advances to customers	2,517,977	2,046,766
Less: allowance for impairment	(36,224)	(39,377)
Net loans and advances to customers	2,481,753	2,007,389

20(b) LOANS AND ADVANCES TO CUSTOMERS (BANK) (CONTINUED)

	2015 TZS' Millions	2014 TZS' Millions
Analysis of loans and advances to customers by maturity		
Maturing:		
Within 1 year	828,472	687,146
Between 1 year and 5 years	1,484,912	1,171,385
Over 5 years	168,369	148,858
	2,481,753	2,007,389
Movement in the allowance account for losses on loans:		
At 1 January	39,377	38,137
Increase in allowance for loan impairment	13,009	16,589
Write-offs	(16,162)	(15,349)
At 31 December	36,224	39,377

21 (a) INVESTMENT SECURITIES HELD-TO-MATURITY (GROUP AND BANK)

Treasury Bills and Bonds:		
Maturing within 91 days	209,089	191,728
Maturing after 91 days	437,776	517,649
	646,865	709,377
Recapitalisation Bond:		
Maturing within 91 days	-	1,300
Maturing after 91 days	25,675	25,675
	672,540	736,352
Current	646,865	710,677
Non-current	25,675	25,675
	672,540	736,352

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 14.0% (2014: 14.2%).

There are no investment securities pledged as collateral for borrowing.

The movement in investment securities may be summarized as follows:

At 1 January	736,352	820,744
Additions	687,120	482,670
Reclassification to investments securities available for sale	(35)	-
Matured securities	(750,897)	(567,062)
At 31 December	672,540	736,352

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

The Group has invested in a 5-year treasury bond with a coupon rate of 9.18%. The movement in available for sale investment securities is as follows:

	2015 TZS' Millions	2014 TZS' Millions
At 1 January	774	-
Reclassification from investment securities held to maturity	35	-
Additions	-	842
Loss on fair valuation of securities	(80)	(68)
At 31 December	729	774

22 (a) EQUITY INVESTMENTS (GROUP)

Investment at available for sale	2015 TZS' Millions	% Shareholding	2014 TZS' Millions	% Shareholding
Company name				
Tanzania Mortgage Refinance Company Ltd (TMRC)	1,740	15.06	1,740	15.06

TMRC is a private company and there is no quoted market price available for the shares. The Group has applied fair value measurement.

22 (b) EQUITY INVESTMENTS (BANK)

The Bank has equity investments in three companies shown below.

Company name	2015 TZS' Millions	2014 TZS' Millions
Upanga Joint Venture Company Limited	10,630	10,630
Ohio Street Properties Limited	29,009	8,230
Tanzania Mortgage Refinance Company Ltd	1,740	1,740
	41,379	20,600

All the subsidiary companies are at operational stage.

Company name	2015 TZS' Millions	% Shareholding	2014 TZS' Millions	% Shareholding
Upanga Joint Venture Company Limited	10,630	32.64	10,630	32.64
Ohio Street Properties Limited	29,009	99.0	8,230	50.00
	39,639		18,860	

22 (b) EQUITY INVESTMENTS (BANK) (CONTINUED)

(i) Investment in a subsidiary and associate (continued)

There are no contingent liabilities relating to the Bank's interest in the subsidiary and associate.

The associates and subsidiaries listed above have 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 and associate.

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	
	2015	2014	2015	2014
	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions
Current				
Total current assets	18	20	9,461	8,499
Current liabilities	(2)	(7)	(18)	(157)
Total net current assets	16	13	9,443	8,342
Non-current				
Assets	16,308	16,308	41,051	40,848
Liabilities	-	-	(24,471)	(21,227)
Total non-current net assets	16,308	16,308	16,580	19,621
Total net assets	16,324	16,321	26,023	27,963

Summarised statement of comprehensive income

Revenue	-	-	5,268	776
Finance costs	-	-	-	(1,119)
Administrative expenses	(4)	(5)	(51)	(25)
Operating expenses	(1)	-	(2,248)	(274)
Loss on foreign exchange	5	-	(4,448)	(741)
Tax expense	-	-	-	-
Loss after tax	-	(5)	(1,479)	(1,383)
Allocated to Non-Controlling interest	-	(3)	(166)	(324)

22 (b) EQUITY INVESTMENTS (BANK) (CONTINUED)

(i) Investment in a subsidiary and associate (continued)

Summarised cash flows

	OSP LIMITED		UJVC LIMITED	
	2015 TZS' Millions	2014 TZS' Millions	2015 TZS' Millions	2014 TZS' Millions
Net cash used in operations	(1)	(5)	(537)	(4,906)
Net cash used in Investing activities	-	-	(203)	(11,919)
Net cash generated from financing activities	-	-	2,778	13,217
Net (decrease)/ increase in cash and cash equivalents	(1)	(5)	2,038	(3,608)
Cash and cash equivalents at start of the year	19	24	1,035	4,643
Cash and cash equivalents at end of the year	18	19	3,073	1,035

(ii) Investment at Available for sale

Company name	2015 TZS' Millions	% Shareholding	2014 TZS' Millions	% Shareholding
Tanzania Mortgage Refinance Company Ltd	1,740	15.06	1,740	15.06

22 (c) GOODWILL (GROUP)

	2015 TZS' Millions	2014 TZS' Millions
Cost	13,282	-
Accumulated impairment losses	-	-
	13,282	-

Goodwill arose in the acquisition of additional 49% shareholding in Ohio Street Properties Limited from Mirambo Street Properties Limited on 15 December 2015.

Consideration transferred	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	-

23 (a) OTHER ASSETS (GROUP)

	2015 TZS Millions	2014 TZS Millions
Other receivables	18,758	36,867
Prepayments	15,812	14,439
Service fees receivable	2,536	3,893
Staff imprest	40	38
Less: impairment allowance for other receivables	(942)	(6)
	36,204	55,231
The movement in provision for impairment of other receivables is as follows:		
At start of the year	(6)	(104)
(Additional)/release of allowance for other receivables	(936)	98
At end of the year	(942)	(6)

23 (b) OTHER ASSETS (BANK)

Prepayments	15,733	14,438
Other receivables	12,639	30,956
Service fees receivable	2,535	3,893
Staff imprest	40	38
Less: Allowance for impairment of other receivables	(942)	(6)
	30,005	49,319

The movement in allowance for impairment of other receivables is as follows:

At start of the year	(6)	(104)
(Charge)/release of provision	(936)	98
At end of the year	(942)	(6)

No property and equipment has been pledged as security for liabilities

24 (a) PROPERTY AND EQUIPMENT (GROUP)

	Own building	Leasehold improvement	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 in/(out)	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
Year ended 31 December 2014						
COST						
At 1 January 2014	13,780	34,733	7,281	76,671	32,840	165,305
Additions	-	-	-	6,782	54,759	61,541
Transfers in/(out)	2,382	848	645	1,632	(5,507)	-
Transfer to intangible assets	-	-	-	-	(4,178)	(4,178)
Disposal	-	-	-	(138)	-	(138)
At 31 December 2014	16,162	35,581	7,926	84,947	77,914	222,530
DEPRECIATION						
At 1 January 2014	1,938	16,864	4,274	54,189	-	77,265
Charge for the year	1,697	3,337	1,270	10,724	-	17,028
Transfer to intangible assets	46	199	207	1,216	-	1,668
Eliminated on disposal	-	-	-	(126)	-	(126)
At 31 December 2014	3,681	20,400	5,751	66,003	-	95,835
NET BOOK VALUE						
At 31 December 2014	12,481	15,181	2,175	18,944	77,914	126,695

24 (b) PROPERTY AND EQUIPMENT (BANK)

	Own building	Leasehold improvement	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	37,066	181,682
Additions	-	-	20	6,516	76,944	83,480
Transfers in/(out)	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
Year ended 31 December 2014						
COST						
At 1 January 2014	13,780	34,733	7,281	76,671	3,910	136,375
Additions	-	-	-	6,782	42,841	49,623
Transfers in/(out)	2,382	848	645	1,632	(5,507)	-
Adjustments	-	-	-	-	(4,178)	(4,178)
Disposal	-	-	-	(138)	-	(138)
At 31 December 2014	16,162	35,581	7,926	84,947	37,066	181,682
DEPRECIATION						
At 1 January 2014	1,938	16,864	4,274	54,189	-	77,265
Charge for the year	1,697	3,337	1,270	10,724	-	17,028
Adjustment	46	199	207	1,216	-	1,668
Eliminated on disposal	-	-	-	(126)	-	(126)
At 31 December 2014	3,681	20,400	5,751	66,003	-	95,835
NET BOOK VALUE						
At 31 December 2014	12,481	15,181	2,175	18,944	37,066	85,847

No property and equipment of the Group and Bank has been pledged as security for liabilities.

The capital work in progress relates to the ongoing projects of branch remodelling and equipment for new headquarters.

25 INTANGIBLE ASSETS COMPUTER SOFTWARE (GROUP AND BANK)

	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

26 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:

At start of year	25,102	22,840
(Debit)/credit to profit or loss:		
Deferred income tax-current year (Note 15(a))	(2,366)	2,212
Under provision in prior year (Note 15(a))	-	50
At the end of year	22,736	25,102

Deferred income tax asset and deferred income tax credit to the profit or loss are attributed to the following items:

	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

The deferred income tax asset on fair value loss on available for sale financial assets was assessed to be immaterial.

26 DEFERRED TAX ASSETS (GROUP AND BANK) (CONTINUED)

	1 January 2014 TZS' Millions	Credited to profit or loss TZS' Millions	31 December 2014 TZS' Millions
Deferred income tax asset			
Property and equipment	5,240	841	6,081
Provisions	17,600	1,421	19,021
	22,840	2,262	25,102

27 (a) DEPOSITS FROM CUSTOMERS (GROUP)

	2015 TZS' Millions	2014 TZS' Millions
Deposits due to customers are composed of the following;		
Current accounts	1,570,648	1,318,928
Personal accounts	1,549,951	1,383,298
Time deposit accounts	444,171	303,359
	3,564,770	3,005,585

27 (b) DEPOSITS FROM CUSTOMERS (BANK)

Current accounts	1,573,749	1,319,983
Personal accounts	1,549,951	1,383,298
Time deposit accounts	444,171	303,359
	3,567,871	3,006,640

28 (a) OTHER LIABILITIES (GROUP)

Sundry liabilities	47,287	57,499
Accrued expenses	25,215	30,086
Bills payable	3,302	3,099
Cheques and items for clearing from other banks	246	-
Refundable deposits	-	1,800
	76,050	92,484

28 (b) OTHER LIABILITIES (BANK)

Sundry liabilities	47,446	58,482
Accrued expenses	25,215	30,862
Bills payable	3,302	3,099
Refundable deposits	-	1,800
Cheques and items for clearing from other banks	246	-
	76,209	94,243

29 PROVISIONS (GROUP AND BANK)

	2015 TZS' Millions	2014 TZS' Millions
Provision for losses from legal cases	3,229	4,552

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 2015.

30 BORROWINGS (GROUP AND BANK)

Borrowings	262,626	201,072
Accrued interest	3,127	3,023
	265,753	204,095

(i) European Investment Bank loan

As at 31 December 2015, the Bank had a borrowing balance from EIB of TZS 55,546 million (2014: TZS 31,125 million) being accumulation of TZS loans payable semiannually within four to six years at effective interest rate of 8.87% (2014: 8.94%). In addition, as at 31 December 2015, the Bank had a borrowing balance from EIB of USD 9.5 million (2014: USD 11 million) equivalent to TZS 20,491 million (2014: TZS 58,923 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% (2014: 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 3.7%. The loan was taken for the purpose of better Assets Liability management. The loan is unsecured. As at 31 December 2015 the balance was USD 52 million (equivalent of TZS 111,024 million; 2014: 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 LIBOR rate. The effective interest rate was 3.95%, during the year. The outstanding balance as at 31 December 2015 was USD 35 million (equivalent to TZS 75,565 million).

31 CAPITAL AND RESERVES

(i) Share capital

	2015 TZS' Millions	2014 TZS' Millions
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

(ii) 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) 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.

Movement in fair valuation reserve is as follows:

At 1 January	(68)	-
Decrease during the year	(80)	(68)
At 31 December	(148)	(68)

32 CASH AND CASH EQUIVALENTS (GROUP AND BANK)

Cash and balances with Bank of Tanzania (Note 18)	972,106	807,402
Less: Statutory Minimum Reserves (Note 18)	(380,194)	(326,312)
Placement and balances with other banks (Note 19)	193,053	140,908
	784,965	621,998

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.

33 (a) NOTES TO THE STATEMENT OF CASH FLOWS (GROUP)

	Note	2015 TZS' Millions	2014 TZS' Millions
Operating activities			
Profit before tax		215,853	223,548
<i>Adjustment for:</i>			
Depreciation and amortization	14	17,381	19,456
Loss/(gain) on disposal of property and equipment	13	148	(325)
		233,382	242,679
<i>Movement in working capital:</i>			
Increase in Statutory Minimum Reserve		(53,882)	(16,557)
Increase in loans and advances to customers		(471,120)	(379,805)
Decrease/(increase) in other assets		19,027	(9,483)
Increase in deposits from customers		559,185	427,639
Decrease in loans received from other banks		(3,644)	(836)
(Decrease)/increase in other liabilities		(16,434)	20,860
(Decrease)/increase in provisions	29	(1,323)	1,102
Cash generated from operations		265,191	285,599

33 (b) NOTES TO THE STATEMENT OF CASH FLOWS (BANK)

Operating activities			
Profit before tax		217,328	224,659
<i>Adjustment for:</i>			
Depreciation and amortization	14	17,381	19,456
Loss/(gain) on disposal of property and equipment	13	148	(325)
		234,857	243,790
<i>Movement in working capital:</i>			
Increase in Statutory Minimum Reserve		(53,882)	(16,557)
Increase in loans and advances to customers		(474,364)	(393,097)
Decrease/(increase) in other assets		19,314	(8,425)
Increase in deposits from customers		561,231	424,015
Decrease in loans received from other banks		(3,644)	(836)
(Decrease)/increase in other liabilities		(18,034)	23,689
(Decrease)/increase in provisions	29	(1,323)	1,102
Cash generated from operations		264,155	273,681

34 (a) FINANCIAL INSTRUMENTS BY CATEGORY (GROUP)

31 December 2015	Loans and receivables TZS' Millions	Held-to- maturity TZS' Millions	Available for sale TZS' Millions	Total TZS' Millions
Financial assets				
Cash and balances with Bank of Tanzania	972,106	-	-	972,106
Investment securities held-to-maturity	-	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 investments	-	-	1,740	1,740
Other assets (Excluding prepayment)*	20,390	-	-	20,390
	3,642,831	672,540	2,469	4,317,840

	Financial liabilities at amortised cost
Financial liabilities	
Deposits from customers	3,564,770
Deposits from banks	1,600
Borrowings	265,753
Other liabilities (Excluding non-financial other liabilities)**	76,050
	3,908,173

31 December 2014	Loans and receivables TZS' Millions	Held-to-ma- turity TZS' Millions	Available for sale TZS' Millions	Total TZS' Millions
Financial assets				
Cash and balances with Bank of Tanzania	807,402	-	-	807,402
Investment securities held-to-maturity	-	736,352	-	736,352
Investment securities available for sale	-	-	774	774
Placement and balances with other banks	140,908	-	-	140,908
Loans and advances to customers	1,986,162	-	-	1,986,162
Equity investments	-	-	1,740	1,740
Other assets (Excluding prepayment)*	40,817	-	-	40,817
	2,975,289	736,352	2,514	3,714,155

34 (a) FINANCIAL INSTRUMENTS BY CATEGORY (GROUP) (CONTINUED)

	Financial liabilities at amortised cost TZS' Millions
Financial liabilities	
Deposits from customers	3,005,585
Deposits from banks	5,244
Borrowings	204,095
Other liabilities (Excluding non-financial other liabilities)**	61,182
	3,276,106

*Prepayments are excluded from other receivables 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.

34 (b) FINANCIAL INSTRUMENTS BY CATEGORY (BANK)

31 December 2015	Loans and receivables TZS' Millions	Held-to-maturity TZS' Millions	Available for sale TZS' Millions	Total TZS' Millions
Financial assets				
Cash and balances with Bank of Tanzania	972,106	-	-	972,106
Investment securities held-to-maturity	-	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	-	39,639	1,740	41,379
Other assets (excluding prepayment)*	14,272	-	-	14,272
	3,661,184	712,179	2,469	4,375,832

	Financial liabilities at amortised cost TZS' Millions
Financial liabilities	
Deposits from customers	3,567,871
Deposits from banks	1,600
Borrowings	265,753
Other liabilities (excluding non-financial other liabilities)**	76,209
	3,911,433

34 (b) FINANCIAL INSTRUMENTS BY CATEGORY (BANK) – CONTINUED

31 December 2014	Loans and receivables TZS' Millions	Held-to-ma- turity TZS' Millions	Available for sale TZS' Millions	Total TZS' Millions
Financial assets				
Cash and balances with Bank of Tanzania	807,402	-	-	807,402
Investment securities held-to-maturity	-	736,352	-	736,352
Investment securities available for sale	-	774	-	774
Placement and balances with other banks	140,908	-	-	140,908
Loans and advances to customers	2,007,389	-	-	2,007,389
Equity investments	-	18,860	1,740	20,600
Other assets (excluding prepayment)*	34,881	-	-	34,881
	2,990,580	755,986	1,740	3,748,306
				Financial liabilities at amortised cost
Financial liabilities				
Deposits from customers				3,006,640
Deposits from banks				5,244
Borrowings				204,095
Other liabilities (excluding non-financial other liabilities)**				60,117
				3,276,096

*Prepayments are excluded from other receivables balance, as this analysis is for financial instruments only.

**Non-financial liabilities are excluded from other liabilities balance, as this analysis is for financial instruments only.

35 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 2015, 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:-

	2015 TZS' Millions	2014 TZS' Millions
<i>Commitments</i>		
Guarantees and Indemnities	11,273	10,017
Undrawn Commitments	67,566	113,405
Acceptances and letters of credit	158,799	135,985
	237,638	259,407

35 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 employees have sued the Bank for unfair dismissal. Furthermore, various loan customers are suing the Bank. With an exception of amounts disclosed in Note 29, 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 2015, the Bank had capital commitments of TZS 69,789 million (2014: TZS 66,096 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:

	2015 TZS' Millions	2014 TZS' Millions
Information technology	60,593	36,674
New branches	439	1,632
Branch and business centers remodeling	5,322	10,418
Others including equipment, vehicles and furniture	3,435	17,372
	69,789	66,096

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:-

Not later than 1 year	14,416	4,785
Later than 1 year and no later than 5 years	51,732	15,208
Later than 5 years	426,882	11,627
Total	493,030	31,620

36 EFFECTIVE INTEREST RATES OF FINANCIAL ASSETS AND LIABILITIES

The effective interest rates for the principal financial assets and liabilities at 31 December 2015 were as follows:

	2015	2014
Government securities	14.50%	14.2%
Deposits with banking institutions	2.60%	2.9%
Loans and advances to customers	17.04%	16.3%
Customer deposits	1.70%	1.0%
Deposits from banks	1.74%	2.6%
Borrowings	5.95%	5.95%

37 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 relating expense and income for the year are as follows:

(a) Loans and advances to related parties

At 31 December 2015 there were no loans issued to companies controlled by the Directors or their families. Advances to customers at 31 December 2015 include loans to key management personnel as follows:

	Key management personnel		Related companies	
	2015 TZS' Millions	2014 TZS' Millions	2015 TZS' Millions	2014 TZS' Millions
At start of year	1,192	1,085	21,328	7,935
Advanced during the year	193	370	5,072	13,393
Repaid during the year	(142)	(263)	(1,929)	-
At end of year	1,243	1,192	24,471	21,328
Interest income earned	105	101	1,988	399

No provisions have been recognised in respect of loans given to related parties (2014: 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% and are repayable on demand. The Bank had advanced USD 12.3 million (2014: USD 7.3 million and 2013: USD 5 million) to its associate 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 24,471 million equivalent to USD 11.3 million (2014: TZS 21,227 million equivalent to USD 12.3 million).

37 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Deposits from related parties

	Directors and key management personnel		Related companies	
	2015 TZS' Millions	2014 TZS' Millions	2015 TZS' Millions	2014 TZS' Millions
Deposits at the beginning of the year	305	10	4,717	7,503
Deposits received during the year	2,650	1,491	32,677	27,757
Deposits repaid during the year	(2,832)	(1,196)	(34,293)	(30,543)
Deposits as at the end of the year	123	305	3,101	4,717
Interest expense	8	5	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 and Ohio Street Properties Limited.

(c) Transactions and balances with related parties

During the year, the Bank made operating lease rent payments amounting to TZS 5.2 billion (2014: TZS 775 million) to Upanga Joint Venture Limited. There were no outstanding lease payments at the end of the year (2014: Nil).

(d) Investments in related parties

During the year, the Bank increased its equity investment in Ohio Street Properties Limited (OSP) from 50% to 99% at a consideration of TZS 20.7 billion. There were no other transactions with Ohio Street Properties Limited during the year (2014: Nil).

(e) Key management compensation

	2015 TZS' Millions	2014 TZS' Millions
Salaries and other short-term benefits	2,043	1,370
Post-employment benefits - defined contribution plan	249	206
	2,292	1,576

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 (f) below and therefore excluded in the above benefits.

(f) Transactions and balances with Rabobank

Based on the management service contract approved by the Board, a total of TZS 6,051 million (2014: TZS 4,170 million) was paid to Rabobank during the year as management and technical assistance expenses. Management fees payable as at year end was TZS 1,268 million (2014: TZS 1,366 million).

37 RELATED PARTY TRANSACTIONS (CONTINUED)

(f) Transactions and balances with Rabobank (continued)

Nostro balances with Rabobank at year end amounted to TZS 15,343 million (2014: TZS 29,697 million). There was no inter-bank balance due to Rabobank as at year end. The Bank incurred expenses amounting to TZS 307 million (2014: TZS 80.7 million) refundable from Rabobank.

(g) Transactions and balances with Government of Tanzania

The Government of Tanzania owns 31.8% (2014: 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 673,269 million (2014: TZS 737,126 million). The Bank also accepts deposits from various Government institutions and agencies which do not attract interest.

(h) Directors' remuneration

Fees and other emoluments paid to Directors of the Bank during the period amounted to TZS 298 million (2014: TZS 202 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	5	-	-	-	1	24,250,000
Mr. Albert Jonkergouw	5	-	11	6	1	56,810,456
Mr. Jos Van Lange	5	5	-	-	-	60,022,842
Mr. Protase Tehingisa	5	-	11	6	-	33,800,000
Mrs. Margaret Ikongo	4	-	-	4	-	27,050,000
Mr. William Mlaki	5	5	11	-	-	36,650,000
Mr. Mike Laiser	5	5	-	6	1	31,750,000
Mr. Leonard Mususa	2	3	5	-	-	17,100,000
Mrs. Anne Mbughuni	1	-	1	1	-	10,250,000
Mr. Mark Wiessing	1	1	1	2	-	Not applicable
Ms. Ineke Bussemaker	4	4	9	3	-	Not applicable

38 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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