

# SAFARI YA MABADILIKO YA NMB







HISTORIA  
YETU

**CHIMBUKO LETU  
NA SAFARI YETU  
ILIPOANZIA**



NJIA  
TULIYOJICHAGULIA

**SAFARI NYINGI,  
DHAMIRA MOJA**



KUPANUA WIGO  
WETU

**KADRI TUNAVYOZIDI  
KUSONGA MBELE, NDIVYO  
TUNAVYOKUKARIBIA**



*SIMULIZI YA SAFARI YETU ISIYOKUWA YA KAWAIDA*





KUSHUGHULIKIA  
MAHITAJI YA KILA MTEJA

MAHITAJI YA KIPEKEE,  
SULUHISHO LA KIPEKEE



KUBADILI  
MAISHA

TABASAMU LAKO NI  
ZAWADI KUBWA KWETU



NINI KINACHOFUATA  
KWETU

HALI YA BAADAYE YA  
NMB



# YALIYOMO



## BIASHARA YETU

a. Taarifa ya Ofisa Mkuu wa Fedha	1
b. Taarifa ya Ongezeko la Thamani	7
c. Tuzo za Mwaka 2017	8
d. Azma, Dira na Maadili	9

## UTENDAJI NA MIKAKATI YETU

a. Taarifa ya Mwenyekiti	12
b. Taarifa ya Mkurugenzi Mkuu	15
c. Thathmini ya Shughuli za Kibenki	18

## UENDELEVU NA WAJIBU WA KAMPUNI KWA JAMII

a. Uwajibikaji wa Kampuni katika Jamii	28
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## UTAWALA BORA

a. Taarifa Ya Udhhibiti wa Vihatarishi	31
b. Bodi ya Wakurugenzi	35
c. Utawala Bora	38

## TAARIFA ZA KAMPUNI

a. Uongozi wa Juu	42
b. Kamati za Menejimenti	45
c. Taarifa ya Mkutano Mkuu wa Mwaka 2018	46
d. Kutahadharisha kwa Siri	48

## TAARIFA KUHUSU HESABU

a. Taarifa ya Wakurugenzi	50
b. Taarifa kuhusu Wajibu wa Wakurugenzi	61
c. Tamko la Afisa Mkuu wa Fedha	62
d. Taarifa ya Wakaguzi wa Hesabu	63
e. Taarifa kuhusu Faida au Hasara	68
f. Mizania	71
g. Taarifa kuhusu Mabadiliko ya Mtaji	74
h. Mtiririko wa Fedha	76
i. Ufafanuzi wa Taarifa za Hesabu	77

## ANUANI MUHIMU

a. Taarifa za Kampuni	164
b. Mtandao wa Huduma	166









# CHIMBUKO LETU NA SAFARI ILIPOANZIA

## HISTORIA FUPI YA BENKI YETU


Benki ya NMB ilianzishwa kwa Sheria ya Bunge ya National Microfinance Bank Limited ya mwaka 1997, baada ya kuvunjwa kwa iliyokuwa Benki ya Taifa ya Biashara kwa mujibu wa Sheria ya Bunge. Taasisi tatu mpya ziliundwa wakati huo ambazo ni (a) NBC Holding Limited, (b) National Bank of Commerce (1997) Limited na (c) National Microfinance Bank Limited (NMB). Mwanzoni NMB ilikuwa ikitoa huduma za malipo na akaunti za akiba pamoja na mikopo kwa kiwango kidogo kabla ya kuwa benki kubwa inayotoa huduma zote za kibenki kwa wateja wadogo.

Mwaka 2005, Serikali ya Jamhuri ya Muungano wa Tanzania iliibinafsisha benki kwa kuuza asilimia arobaini na tisa (49%) ya hisa ilizomiliki kwa Ushirika uliokuwa ukiongozwa na Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. ('Rabobank Group').

Kwa mara nyingine, mwaka 2008 Serikali ya Jamhuri ya Muungano wa Tanzania ilipunguza tena asilimia 21 ya hisa zake kwenye benki na kuuza kwa umma wa Watanzania (Initial public offering), hivyo kufanya benki kuorodheshwa katika Soko la Hisa Dar es Salaam (DSE) na kuongeza wigo wa mfumo wa umiliki wake.

Hadi sasa, benki ina wateja zaidi ya milioni 2.8 ambao wameongezeka kutoka 600,000 waliokuwapo mwaka 2005, zaidi ya mashine za ATM 800 kutoka 0 miaka 10 iliyopita na hizo ni sawa na asilimia 40 ya ATM zote zilizopo Tanzania.





Mshikamano  
thabiti katika  
shughuli za kila siku  
za kibiashara na ubia.  
Uhusiano imara na bidii ya  
kazi ni vipaumbele vya  
NMB.

**BIASHARA** YETU

### Takwimu za Utendaji wa Kifedha na Hisa

Sera na njia za kihasibu zilizotumika katika kuandaa taarifa ya fedha ya mwaka 2017 zinalingana na zile zilizotumika katika mwaka uliopita. Hata hivyo, kuanzia tarehe 1 Januari 2018 kanuni mpya za uhasibu za IFRS 9 zitazibadili zile za IAS 39 zilizokuwa zikitumika zamani. Mabadiliko makubwa yaliyotarajiwa pamoja na kanuni mpya ni tathmini ya tengo letu la mikopo. Kutathmini tengo kwa ajili ya mikopo mibovu, Modeli ya Hasara ya Mikopo ya IFRS 9 inatumia taarifa zinazoangalia kitakachotokea mbele, wakati IAS 39 inatumia taarifa za kihistoria (modeli ya hasara zilizopatikana). Katika kipindi cha robo ya mwisho ya mwaka 2017, tulifanya tathmini kutumia kanuni zote mbili kwa pamoja, IAS 39 na IFRS 9. Matokeo ya tathmini yalionyesha kwamba jumla ya marekebisho yaliyokadiriwa (baada ya kodi) kwa kutumia IFRS 9, faida limbikizi ya Benki ya kufungulia mwaka tarehe 1 Januari 2018 itashuka kwa angalau 2%. Hii itasababisha kushuka kwa Uwiano wa Utoshelevu wa Mtaji wa Benki kwa angalau 0.1%.

Faida Baada ya Kodi  
**Sh. bilioni 93**

2016: Sh. bilioni 154

Mapato kwa kila Hisa  
**Sh. 187**

2016: Sh. 308

Rejesho la Mtaji  
**12%**

2016: 20%

Gawio kwa kila Hisa  
**Sh. 64**

2016: Sh. 104

Thamani Halisi ya Mali kwa  
kila Hisa

**Sh. 1,618**

2016: Sh. 1,534

Uwiano wa Gharama na  
Mapato

**58%**

2016: 59%

Wastani wa riba kwa mali zenye  
riba

**17%**

2016: 15%

Tengo la Mikopo

**Sh. bilioni 131**

2016: Sh. bilioni 30

Utoshelevu wa Mtaji Daraja  
la kwanza

**Ratio 17%**

2016: 19%

Uwiano wa Mikopo  
chechefu

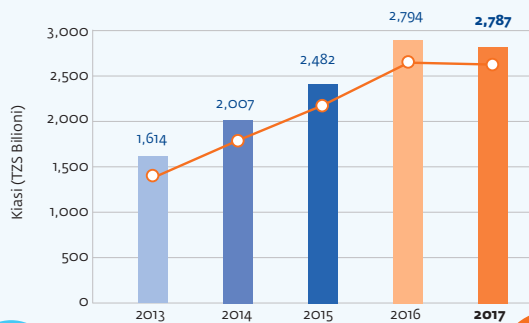
**6.4%**

2016: 4.8%



# MAMBO MUHIMU KIPINDI CHA FEDHA 2013-2017

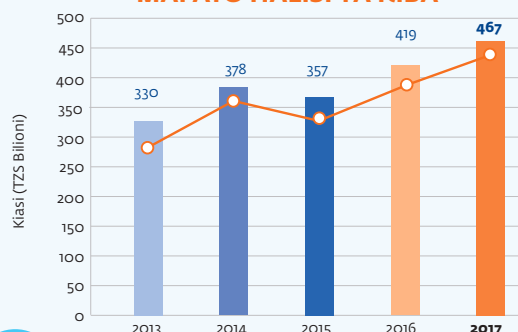
## MIKOPO KWA WATEJA



Mwaka  
2017

TZS  
2,787  
Bilioni

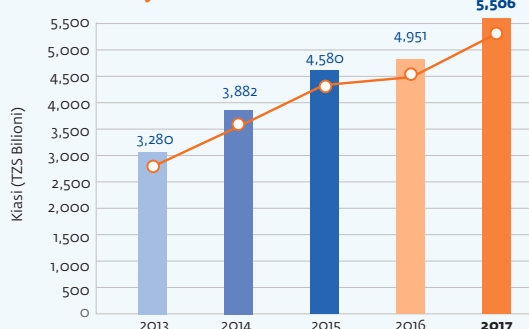
## MAPATO HALISI YA RIBA



Mwaka  
2017

TZS  
467  
Bilioni

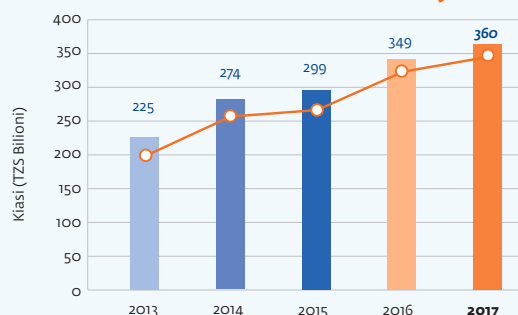
## JUMLA YA RASILIMALI



Mwaka  
2017

TZS  
5,506  
Bilioni

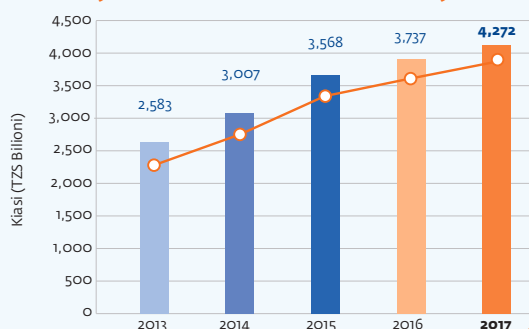
## GHARAMA ZA UENDESHAJI



Mwaka  
2017

TZS  
360  
Bilioni

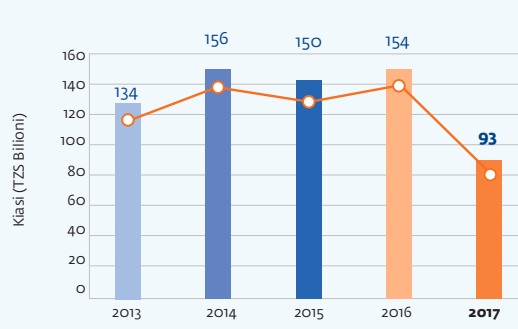
## JUMLA YA AMANA ZA WATEJA



Mwaka  
2017

TZS  
4,272  
Bilioni

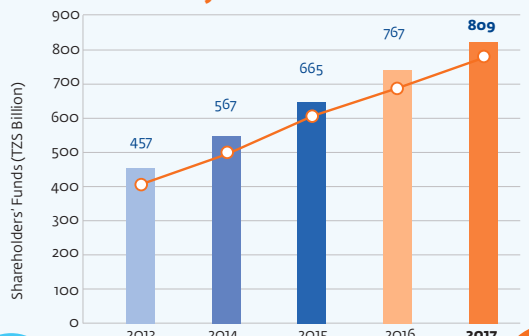
## FAIDA BAADA YA KODI



Mwaka  
2017

TZS  
93  
Bilioni

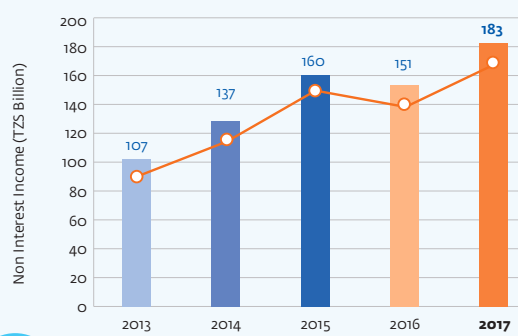
## MTAJI WA WANAHISA



Mwaka  
2017

TZS  
809  
Bilioni

## MAPATO YASIYOTOKANA NA RIBA

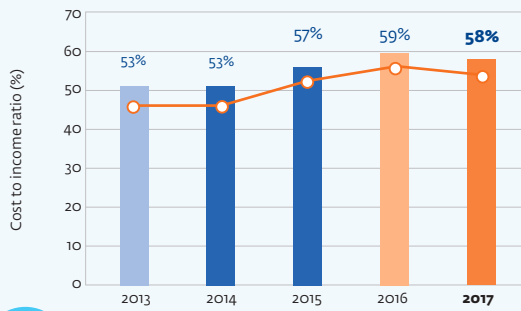


Mwaka  
2017

TZS  
183  
Bilioni

# MAMBO MUHIMU KIPINDI CHA FEDHA 2013-2017

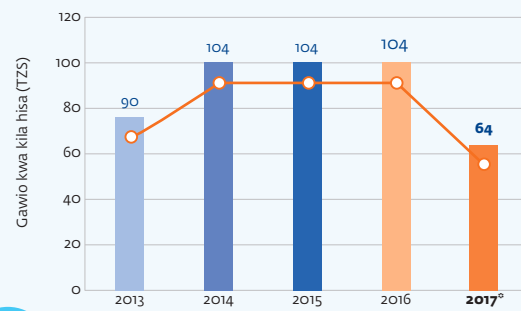
## UWIANO WA GHARAMA NA MAPATO



Mwaka  
2017

58%

## GAWIO KWA KILA HISA

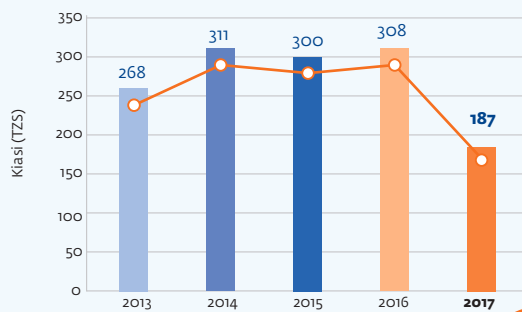


Mwaka  
2017

<sup>a</sup>Pendekezo la gawio la hisa kwa mwaka 2017

TZS  
64

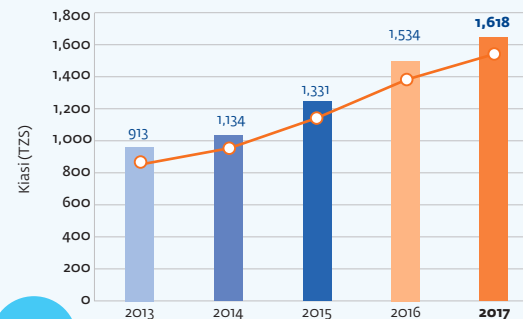
## MAPATO KWA KILA HISA



Mwaka  
2017

TZS  
187

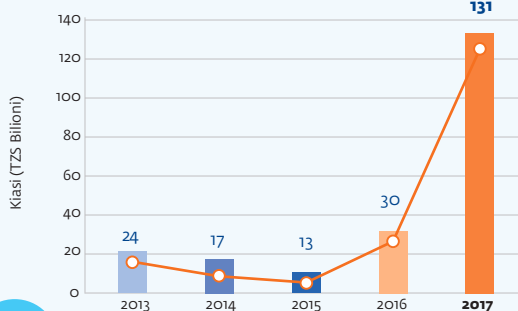
## UWIANO WA THAMANI YA MALI KWA KILA HISA



Mwaka  
2017

TZS  
1,618

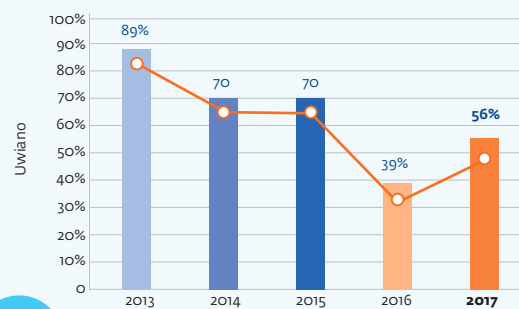
## HASARA YA RIBA YA MIKOPO



Mwaka  
2017

TZS  
131  
Bilioni

## UWIANO WA MIKOPO CHECHEFU



Mwaka  
2017

56%



## IDADI YA WATEJA

Mwaka	(Namba kwa maelfu)
2013	1,778
2014	1,892
2015	2,100
2016	2,179
2017	2,710

MWAKA 2017

2,710

Wateja

## IDADI YA MATAWI

Mwaka	Matawi
2013	153
2014	163
2015	175
2016	188
2017	212

MWAKA 2017

212

Matawi

## IDADI YA WAFANYAKAZI

Mwaka	
2013	2,783
2014	3,004
2015	3,162
2016	3,432
2017	3,371

MWAKA 2017

3,371

Wafanyakazi

## IDADI YA ATM

Mwaka	Idadi
2013	485
2014	525
2015	595
2016	670
2017	770

MIAKA 2017

770

ATMs

## HESABU ZA MSINGI KWA MWAKA WA FEDHA WA 2013-2017

		2013	2014	2015	2016	2017
<b>Faida</b>						
Jumla ya Mapato	Tzs Milioni	422,171	488,119	608,477	716,132	767,165
Kodi	Tzs Milioni	54,225	69,036	67,040	67,599	44,409
Gharama za uendeshaji	Tzs Milioni	225,298	273,741	299,358	348,516	360,426
Faida halisi	Tzs Milioni	133,906	155,623	150,288	153,825	93,494
Uwezo wa kulipa madeni						
Jumla ya Mtaji	Tzs Milioni	3,280,186	3,881,995	4,580,091	4,951,075	5,506,387
Rusu ya Mtaji (Tier 1 capital)	Tzs Milioni	421,804	523,312	592,195	664,960	694,462
Risk Weighted Assets (RWA)	Tzs Milioni	1,944,390	2,459,642	2,932,574	3,519,618	4,100,271
<b>Nyinginezo</b>						
Wateja		1,778,309	1,891,719	2,100,000	2,178,700	2,710,328
Matawi		153	163	175	188	212
ATMs		485	525	595	670	770
Wafanyakazi		2,783	3,004	3,162	3,432	3,371

	2013	2014	2015	2016	2017
<b>Uwiano uliobanishwa</b>					
Faida ya mtaji	29%	27%	23%	20%	12%
Faida ya mali	4%	4%	4%	3%	2%
Uwiano wa gharama na mapato	53%	53%	57%	59%	58%
<b>Uwiano wa utoshelevu wa mtaji</b>					
Uwiano wa mtaji mkuu (Tier 1)	22%	21%	20%	19%	17%
Uwiano wa mtaji mkuu + mtaji wa ziada	23%	22%	22%	20%	18%
Gawio kwa hisa	90	104	104	104	64

\* Matakwa ya kikanuni kwa mtaji mkuu na mtaji wa ziada ni asilimia 10 na 12 mtawalia.



## UFANISI WA HISA

Ufanisi wa hisa	Ukokotozi		2013	2014	2015	2016	2017
Pato la kila hisa	Faida baada ya kodi/Idadi ya hisa	Tzs	268	311	300	308	187
Gawio kwa kila hisa	Gawio la jumla/Idadi ya hisa	Tzs	90	104	104	104	64
Bei ya kufungia	Viwango vya DSE	Tzs	2,620	3,400	2,500	2,750	2,750
Hisa zilizotolewa		Milioni	500	500	500	500	500
Gawio (zidisha)	Pato la kila hisa/gawio la kila hisa	Zidisha	2.98	2.99	2.89	2.96	2.92
Thamani ya mali kwa kila hisa	Thamani ya mali/Idadi ya hisa	Tzs	913.33	1,134.44	1,330.86	1,534.42	1,617.59
Uwiano wa gawio na bei ya hisa za kawaida	Gawio kwa kila hisa/Bei ya mwisho ya hisa DSE	%	3%	3%	4%	4%	2%
Uwiano wa pato la hisa za kawaida	Faida baada ya kodi/Bei ya mwisho ya hisa	%	10%	9%	12%	11%	7%
Uwiano wa bei na thamani ya msingi	Bei ya mwisho ya hisa/Thamani ya mali kwa kila hisa	Zidisha	2.87	3.00	1.88	1.79	1.70
Uwiano wa bei na pato la hisa za kawaida	Bei ya mwisho ya hisa/Gawio kwa kila hisa	Zidisha	9.78	10.93	8.32	8.93	14.71
Mtaji wa kampuni sokoni	Bei ya mwisho ya hisa zidisha kwa idadi ya hisa zilizolewa	Tzs Milioni	1,310,000	1,700,000	1,250,000	1,375,000	1,375,000
Mali Halisi	Hesabu za fedha zilizokaguliwa	Tzs Milioni	456,666	567,221	665,429	767,208	808,797
Idadi ya hisa zilizouzwa na kununuliwa	DSE	Milioni	10.96	12.10	3.88	33.10	0.29
Ulinganifu wa bei za hisa	DSE	Tzs	1,891	3,955	3,571	2,193	2,341

### Ufupisho

DSE - Dar es Salaam Stock Exchange (Soko la hisa la Dar Es Salaam)

## TAARIFA YA ONGEZECO LA THAMANI KWA MWAKA UNAOISHIA DECEMBER 2017

Ongezeko la thamani ni utajiri ambao benki imeweza kuutengeneza kwa kuwapa wateja wake huduma bora, zilizoongezewa thamani.

	2017 TZS Millioni	2016 TZS Millioni
<b>Ongezeko la Thamani</b>		
<b>Mapato yaliyotokana na utoaji wa huduma za kibenki</b>	<b>763,786</b>	<b>716,132</b>
Riba iliyolipwa kwa wakopeshaji	(19,013)	(14,092)
Riba iliyolipwa kwa waweka hazina	(101,278)	(88,102)
Gharama za tozo na kamisheni	(17,549)	(13,758)
Ukachakavu (Impairment)	(130,996)	(30,240)
<b>Gharama ya jumla ya utoaji wa huduma za kibenki</b>	<b>(268,836)</b>	<b>(146,192)</b>
<b>Ongezeko la thamani kwenye huduma za kibenki</b>	<b>494,950</b>	<b>569,940</b>
Mapato na matumizi kutokana na vyanzo vingine	(143,704)	(158,348)
<b>Ongezeko halisi la thamani kwenye huduma za kibenki</b>	<b>351,246</b>	<b>411,592</b>
<b>Thamani ya fedha zilizotumika</b>		
Kwa wafanyakazi:		
Mishahara na masilahi mengine	116,299 33%	111,950 27%
<b>Kwa wanahisa</b>		
Gawio kwa wanahisa wengine	21,830 6%	35,474 9%
Serikali	10,170 3%	16,526 4%
<b>Serikalini</b>		
Kodi ya kampuni	60,040	72,376
Kodi ya mshahara (PAYE)	32,517	30,844
Tozo ya ujuzi (SDL)	5,871	5,897
VAT kwenye huduma	28,159	15,750
Kodi nyinginezo	1,241	1,857
	127,827 36%	126,724 31%
Kwa upanuzi		
Uchakavu, kodi iliyoahirishwa na malimbikizo	75,120 21%	120,918 29%
	<b>351,246 100%</b>	<b>411,592 100%</b>

### MWAKA 2017



33%

KWA WAFANYAKAZI



36%

SERIKALINI



9%

KWA WAKOPESHAJI



21%

UKUZAJI WA BENKI

### MWAKA 2016



27%

KWA WAFANYAKAZI



31%

SERIKALINI



13%

KWA WAKOPESHAJI



29%

UKUZAJI WA BENKI





Mwaka 2017, benki ya NMB ilithibitisha ubora wake katika sekta ya fedha kwa kushinda tuzo sita za kitaifa na kimataifa. Kwa mara ya kwanza, NMB ilitangazwa kuwa benki bora katika Mabadiliko ya Kibenki Afrika katika Tuzo za Ubora za Euromoney za mwaka 2017.

Nyingine zilizopokewa na benki katika kipindi cha mwaka ni pamoja na Tuzo ya Benki Bora Tanzania ikiwa ni mwaka wa tano mfululizo kutoka Euromoney, Benki ya Mwaka 2017 na Jarida la Benki la London na Tuzo ya Benki ya Asia ya Benki Bora ya Wateja Wadogo Tanzania, zote hizo zinatambua jukumu la benki katika kukuza ushirikishwaji katika masuala ya kifedha Tanzania.

Aidha, katika kutambuliwa kimataifa, benki pia imepokea tuzo mbalimbali za kitaifa. Soko la Hisa la Dar es Salaam liliitambua NMB kuwa Kampuni Bora ya Mwaka iliyoorodheswa katika Kipengele cha Uwekezaji Mkubwa wa Masoko (MIM), tuzo imetolewa kwa kuitambua NMB kama taasisi iliyopiga hatua zaidi kwenye maeneo ya Mazingira; Uwajibikaji katika Jamii na Usimamizi Mzuri wa Taasisi. Benki pia ilishinda Tuzo ya Mwajiri Bora wa mwaka kutoka Mfuko wa Fidha kwa Wafanyakazi (WCF) katika kipengele cha uwasilishaji michango kwa waajiri wakubwa.

Katika mwaka 2017, NMB Bank ilitambuliwa na Bodi ya Wahasibu na Wakaguzi wa Hesabu (NBAA) kwa kuwa benki iliyowasilisha vizuri zaidi taarifa ya fedha ya mwaka.

## TUZO ZA MWAKA 2017

# SAFARI NYINGI DIRA MOJA

**NJIA TEULE: KILA HATUA MOJA MBELE NI  
KARIBU ZAIDI YA DIRA NA SAUTI MOJA**



## DIRA YETU

Kuwa mbia wa uduma za kifedha  
anaependelewa zaidi Tanzania

## AZMA YETU

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 kuleta manufaa endelevu  
kwa wadau wetu wote.



## MAADILI YETU

Kinachotusukuma:


**Ari na Umiliki**

Kinachotuunganisha:

**Umoja na Kumlenga Mteja**

Muongozo:

**Uadilifu na Utimilifu**



Kwa mahadhi ya kimazoea  
yaliyo boreshwa na mbinu  
za kisasa.

**UTENDAJI** NA MKAKATI WETU

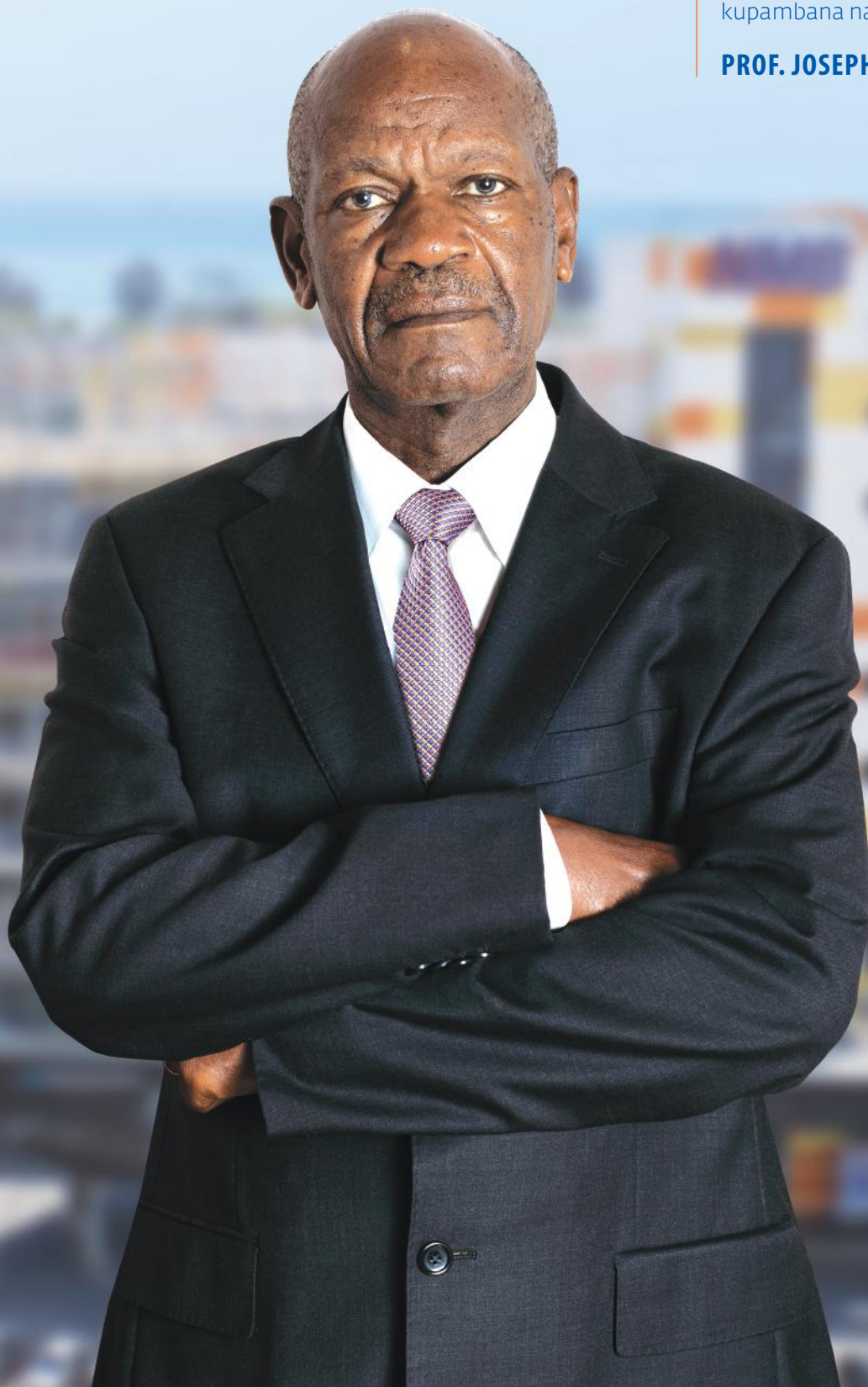




## Taarifa ya **Mwenyekiti**

Ndani ya muktadha wa mwaka mmoja, ninafurahishwa na matokeo ambayo Benki ilipata. Katika kipindi ambacho tuliona taasisi nyingi zikifanya uamuzi mgumu wa kupunguza biashara, na wakati mwingine, kufunga maduka; ninaona fahari kwamba tuliweza kupambana na dhoruba.

**PROF. JOSEPH SEMBOJA**



Ninayo heshima tena kuwasilisha kwenu ripoti ya fedha ya NMB Bank PLC (NMB) na taarifa ya mwaka unaoishia 2017.

Mwaka 2017 ulianza Benki na tasnia ikiwa inajirekebisha kuendana na mamlaka na hali ya uchumi ya mwaka uliopita. Utekelezaji wa Akaunti Moja ya Hazina mwaka 2016 ulisababisha hali ya ukwasi kupungua, kwa benki kama NMB ulisababisha kuongezeka kwa gharama ya madeni. Aidha, kupungua kwa matumizi ya serikali kulisababisha biashara zilizokuwa zikitegemea miradi ya serikali kutofikia malengo ya mapato na hatimaye kushindwa kukua kwa biashara hizo.

Mwaka huo pia, ulikabiliwa na changamoto za aina yake; usimamishwaji wa wafanyakazi wa serikali kufuatia uhakiki wa vyeti ukifuatiwa na biashara kushindwa kutimiza wajibu wake na kasababisha mikopo mingi kutolipika na kushuka kwa ubora wa mikopo katika sekta ya benki. Benki nchini, ikiwa ni pamoja na NMB, zilitakiwa kutenga kiwango kwa ajili ya mikopo chechefu na kutathmini tena ukopesaji kwa siku zijazo. Kwa hiyo, kulikuwa na kupungua kwa mikopo katika sekta binafsi kama ilivyoshuhudiwa katika ukuaji mdogo wa mikopo yetu.

Hali ya ukwasi ilitengemaa katika kipindi cha nusu ya pili ya mwaka 2017 kufuatia sera ya fedha ya Benki Kuu iliyoingilia kati.

Ndani ya muktadha wa mwaka mmoja, ninafurahishwa na matokeo ambayo Benki ilipata. Katika kipindi ambacho tuliona taasisi nyingi zikifanya uamuzi mgumu wa kupunguza biashara, na wakati mwingine, kufunga maduka; ninaona fahari kwamba tuliweza kupambana na dhoruba. Uwezo wetu wa kuendeleza mtaji imara na nafasi yetu kama benki inayopata faida kubwa zaidi nchini kadiri muda unavyobadilika, ni ushahidi wa msingi imara uliojengwa kwa muda mrefu.

Mkakati wa NMB umejikita katika dira yetu ya msingi ya kutoa huduma za gharama nafuu na zinazomlenga mteja kwa ubunifu kupitia mtandao wa matawi yetu. Ingawa mienendo katika mazingira ya uendeshaji imebadilika tangu 2015 wakati mkakati ulipoundwa, mipango iliyochaguliwa imeendelea kuwa thabiti.

Mwaka 2017, tulijenga kwenye misingi tuliyoiweka miaka iliyopita. Sambamba na nia yetu ya kuongeza mara mbili ya idadi ya wateja tuliokuwa nao, mawakala wa huduma za kibenki 2,300 (NMB Wakala) walianzishwa katika mwaka huo na kuleta jumla ya Wakala 3785. Zaidi ya kutuwezesha kupata wateja wapya kwa gharama nafuu, mawakala waliboresha huduma kwa wateja kwani uwezo wao wa kufanya miamala hauna kikomo cha muda tena kama ilivyo kwenye matawi.

Mwaka 2017, tulifanikiwa kurekebisha mifumo ya utendaji katika matawi yetu ambayo ilituwezesha kufungua matawi mapya 25 bila kuajiri wafanyakazi wapya; wafanyakazi ambao walitolewa kutokana na muundo mpya walitumika tena katika matawi mapya.

Mabadiliko katika mienendo ya soko pamoja na kasi ya haraka ambapo teknolojia inakuwa sehemu muhimu ya uendeshaji wa biashara ni fursa za ukuaji zilizopo kwa NMB. Ili kuweza kupata manufaa kamili kwa ajili ya uwekezaji uliofanyika katika miundombinu ya

teknolojia, na pamoja na michakato mingi na kazi ya msingi iliyokamilishwa, mwaka 2018 tutaendelea kutoka katika misingi hii na kuendelea kuitumia teknolojia ili kusukuma ufanisi na kutoa masuluhisho ya fedha yenye ubunifu na thamani kwa mteja. Tutaendelea ushirikiano ili kuhakikisha kwamba tunaendelea kuwasaidia wateja wetu kwa kadiri wanavyopanua na kuimarisha utendaji wao, pamoja na maendeleo ya viwanda.

Ili kuuunga mkono mkakati na teknolojia, muundo wa uongozi katika ngazi ya juu ulirekebishwa na nafasi mpya kadhaa zilianzishwa; Nafasi hizo ni pamoja na Mkuu wa Biashara kwa Wateja, Mkuu wa Rasilimali watu & Huduma nyingine, Mkuu wa Udhhibiti wa Hasara & Utimilifu pamoja na Mkuu wa Mabadiliko ya Dijitali na Bidhaa. Timu ya Kamati nzima Iliyopo (ExCo) itawajibika kusukuma mabadiliko ili kutofautisha benki dhidi ya



washindani wake kwa kutoa thamani ya kiwango cha juu kwa wadau wake wote.

Bodi ya NMB inathibitisha viwango vya juu vya usimamizi na utawala bora ambavyo tunaamini ni msingi kwa ajili ya kutoa thamani endelevu kwa wamilikihisa na mafanikio ya muda mrefu ya Benki.

Mwaka 2017, Bodi iliendelea kuongoza kwa kusimamia utekelezaji wa mkakati wa Benki, udhibiti wa ndani, udhibiti wa hatari na usimamizi wa watu. Tulifanya kazi kwa karibu na wadau muhimu kuhakikisha kwamba viwango vya utawala wa ndani vinafikia matarajio ya Benki Kuu ya Tanzania na Mamlaka ya Masoko ya Mtaji & Dhamana (CMSA).

Katika mwaka huo, tuliwaaga Bw. William Mlaki ambaye alistaafu mwezi Juni 2017 na Bw. Mike Laiser ambaye aliacha kuwa mjumbe wa Bodi mwezi Novemba 2017. Wote Bw. Mlaki na Bw. Laiser walifanya kazi vizuri katika Bodi pamoja na wanahisa wa NMB katika vipindi vyao. Tunawashukuru kwa utoaji huduma wa mfano.

Vilevile, Bodi ilimkaribisha Bw. Mathias Magwanya kama Mkurugenzi wa Bodi. Kwa kazi yake ya ukaguzi, Bw. Magwanya amelea uzoefu mkubwa wa biashara na uongozi. Ni upendeleo kuwa na nyongeza hii ya thamani.

Pamoja na kuwa na changamoto na mabadiliko ya muda, kuwianisha kati ya kuongeza kiwango cha juu cha thamani kwa wanahisa na mahitaji ya kuwekeza tena katika biashara kwa ajili ya maendeleo ya siku zijazo ni kipaumbele cha msingi kwa Bodi. Pamoja na kushuka kwa faida mwaka 2017, Bodi bado inaamini katika kuendelea na kukua kwa mizania ya NMB na uwezekano wa mapato. Bodi imependekezwa uendelezaji wa uwiano wa malipo ya gawio ambayo yalitumika katika vipindi vya nyuma; gawio la SH.64 litalipwa kwa kila hisa, ambayo ni sawa na SH. bilioni 32. Gawio la SH. 104 kwa kila hisa lililipwa mwaka 2016, sawa na SH. bilioni 52.

Ninapenda kutoa shukurani zangu za dhati kwa wanahisa wetu, wateja, na wabia kwa msaada wao thabiti kwa Benki kwa miaka mingi na hususan mwaka 2017. Ninawashukuru pia Wakurugenzi wenzangu kwa msaada na kujitolea kwao kwa majukumu yao katika Bodi na katika masuala ya Benki. Shukurani zangu za dhati ziwaendee wafanyakazi wetu na Menejimenti kwa kufanya kazi kwa bidii na kujitolea katika utekelezaji wa mkakati pamoja na kuwa na mazingira ya utendaji yenye changamoto. Mwisho, lakini siyo kwa umuhimu, ninapenda kutoa shukurani maalumu kwa Jamhuri ya Muungano wa Tanzania kwa msaada na ushirikiano wao wa haraka.

Ninaamini kwamba mwaka 2018 NMB itapiga hatua na kuimarisha nafasi yake ya kuongoza tasnia.



**Prof. Joseph Semboja**  
**Mwenyekiti**





## Taarifa ya **Mkurugenzi Mkuu**

NMB imekusudia kuwa mstari wa mbele katika maendeleo ya teknolojia kwa kutoa masuluhisho ambayo yanatatua mahitaji ya wateja wetu. Tunaelewa umuhimu wa kuendana na wakati na tutaendelea kutumia teknolojia kutoa huduma rahisi inayohitajika zaidi kwa wateja wetu.

**INEKE BUSSEMAKER**



NMB iliendelea kuwa benki yenye kutoa faida kubwa mwaka 2017 pamoja na mazingira ya uendeshaji yenye changamoto. Benki inaendelea kutimiza wajibu wake wa kusaidia shughuli za biashara katika sekta mbalimbali za kiuchumi ikiwa na lengo maalumu kwa Wafanyabiashara wa Kati na wadogo, Kilimo na Biashara.

Uhimili wetu katika mwaka huo umethibitisha NMB kama benki inayoongoza sokoni katika huduma za fedha. Ningependa kuwashukuru wateja wetu na wadau wote kwa msaada wao endelevu na mchango wao katika mafanikio ya NMB. Kwa kadiri sekta ya benki inavyoendelea kupata mabadiliko yaliyoletwa na uvumbuzi katika huduma za fedha, NMB imekusudia kuwa mstari wa mbele katika maendeleo ya teknolojia kwa kutoa masuluhisho ambayo yanatatua mahitaji ya wateja wetu. Tunaelewa umuhimu wa kuendana na wakati na tutaendelea kutumia teknolojia kutoa huduma rahisi inayohitajika zaidi kwa wateja wetu.

### Vielelezo Muhimu vya Uchumi

Mazingira ya uchumi yalieendelea kuimarika kwa mwaka mzima wa 2017. Pato la Taifa (GDP) lilikua kwa 6.6% kwa mwaka, ambapo ukuaji mkubwa ulitokea katika sekta ya madini. Mfumuko wa bei uliendelea kuwa katika tarakimu moja kwa mwaka mzima ambapo mwezi Desemba 2017 ulikuwa 4.0%. Fedha ya Tanzania iliendelea kuwa imara kwa muda mrefu wa mwaka, hata hivyo kiwango cha kubadilisha Shilingi ya Tanzania kwenda Dola ya Marekani kilishuka taratibu kutoka Sh. 2,181 mwezi Desemba 2016 hadi Sh. 2,240 Desemba 2017.

Benki Kuu ya Tanzania ("BOT") ilitekeleza sera ya mfumo wa fedha katika nusu ya pili ya mwaka, ikisababisha kuongezeka kwa ukwasi sokoni na kufuatiwa na ushukaji wa viwango vya riba. Riba za Dhamana za Serikali zilishuka kutoka 15.3% mwezi Desemba 2016 hadi 8.3% mwezi Desemba 2017. Hata hivyo, katika kipindi hichohicho, riba za mikopo ziliongezeka kutoka wastani wa 15.7% hadi 17.8%, zikiakisi hatari ya kuongezeka kwa Mikopo Isiyolipika (NPL) katika sekta ya benki.

### Maendeleo ya Tasnia

Mwaka 2017 ulithibitisha kuwa mwaka wa kipekee kwa tasnia ya benki. Baadhi ya wateja wakubwa kushindwa kulipa mkopo yao na kuondolewa kwa baadhi ya watumishi wa serikali waliokuwa na vyeti vya kughushi katika nusu ya mwaka 2017 kulisababisha kushuka kwa ubora wa mikopo katika tasnia nzima. Uwiano wa Mikopo Chechefu (NPL) katika sekta ya benki ulipanda hadi 11.7% mwezi Desemba 2017 ukilinganisha na 9.5% iliyorekodiwa katika kipindi hichohicho cha mwaka uliopita. Ongezeko la mikopo ya benki kwa sekta binafsi lilishuka kutoka 7.2% iliyorekodiwa mwezi Desemba mwaka 2016 hadi 1.7% mwezi Desemba 2017.

Katika jitihada za kuwalinda wanaoweka amana na kuendeleza hadhi ya mfumo wa benki, BOT iliziagiza benki zote zenye NPL kubwa kuainisha mikakati ya kupunguza kiwango chake cha NPL.

Mwezi Agosti 2017, Benki Kuu ilianzisha tozo za mtaji kwa ajili ya uendeshaji wa hadhari na 2.5% ya kiwango cha mtaji wa ziada ikijumuisha mahitaji ya kiwango cha chini kinachotakiwa cha 10% ya mtaji wa msingi na 12% ya jumla ya mtaji.

Hata hivyo, pamoja na changamoto zilizotukabili katika mwaka huo, tasnia ya benki iliendelea kuwa thabiti na ilifanikiwa kukamilisha mahitaji yaliyotakiwa ya kimamlaka. Uwiano wa Mtaji wa Msingi unaotakiwa katika sekta (CAR) ulikuwa 18.9% mwezi Desemba 2017, vizuri zaidi ya 10% ya mahitaji ya kimamlaka, wakati Uwiano wa Mtaji wa Ukwasi (LAR) katika kipindi hichohicho ulikuwa 40.3%, zaidi ya 20% ya kiwango cha chini kilichowekwa.

### Utendaji wa Benki

NMB ilifanikiwa kuripoti matokeo mazuri pamoja na kuwa na mazingira magumu ya utendaji. Mizania ya benki ilikua kwa 11% mwaka hadi mwaka hadi Sh. bilioni 5,506 mwezi Desemba 2017. Kuongezeka kwa mali kulikuwa zaidi kwa salio lililokuwa katika benki zingine (77%), kukua kwa uwekezaji katika dhamana za serikali kwa 27% na 22% kuongezeka kwa fedha taslimu na salio katika BOT.

Kukua kwa mali kuliwezesha na 14% ya ongezeko la amana za wateja za mwaka hadi mwaka hadi Sh. bilioni 4,232 mwaka 2017. Amana mpya zilitokana zaidi na akaunti za wateja wakubwa, amana za muda maalumu, na akaunti za kilimo. Mikopo ilipungua kwa 0.3% kutoka Sh. bilioni 2,794 mwaka 2016 hadi Sh. bilioni 2,787 mwaka 2017. Kupungua kwa kitabu chetu cha mikopo kunasababishwa na hatua kali tulizozichukua kudhibiti hali ya hatari katika mwaka uliokuwa na misukosuko mingi pamoja na kusafisha mikopo michechefu kulikofanyika katika robo ya mwisho ya mwaka 2017. Zoezi hili la hadhari lilipunguza uwiano wa NPL kutoka 9.3% iliyoripotiwa katika robo ya tatu hadi 6.4% mwezi Desemba 2017, kutoka 4.7% iliyorekodiwa mwezi Desemba 2016.

Kushuka kwa ubora wa mikopo kulisababisha kuongezeka ghafla kwa ongezeko la tengo la mikopo, ambalo lilipanda kwa 333%, kutoka Sh. bilioni 30 mwaka 2016 hadi Sh. bilioni 131 mwaka 2017. Kutokana na hali hiyo, Faida ya Benki Baada ya Kodi (PAT) ilishuka kwa 39% ikilinganishwa na mwaka uliopita, hadi Sh. bilioni 93.5 mwaka 2017.

Pamoja na kuongezeka kwa changamoto, kukua kwa kitabu chetu cha mkopo, tuliendelea kuweka msisitizo katika kutoa huduma zenye ubunifu kwa wateja wetu, ambazo zimeonyeshwa na kukua kwa biashara yetu. Mapato yasiyotokana na riba yalikua kwa 7% mwaka hadi mwaka hadi Sh. bilioni 177 mwaka 2017, kukua kulisababishwa na ongezeko kubwa la mapato ya ada na kamisheni, kuongezeka kwa wingi wa miamala na kuongezeka kwa idadi ya wateja wetu. Mapato Halisi ya Riba (NII) yaliongezeka kwa takriban 4% hadi Sh. bilioni 467 mwaka 2017, kilichochangia kuongezeka huko ilikua ni mapato ya riba kutoka Amana za Serikali.

Gharama kubwa ya fedha, hususan amana za uwekezaji zisizokuwa na muda maalumu (call deposits), amana za muda maalumu na mikopo, iliendelea kuzuia kukua kwa Mapato Halisi ya Riba (NII). Gharama za riba ziliongezeka kwa 18% kutoka Sh. bilioni 102 mwaka 2016 hadi Sh. bilioni 120 mwaka 2017. Ingawa kulikuwa na ongezeko la gharama za fedha, benki ilifuatilia kwa karibu gharama zake za uendeshaji katika mwaka huo, ambayo ilikwenda sambamba na hali ya mfumuko wa bei kwa takriban 3% hadi Sh. bilioni 374 mwaka 2017 ikilinganishwa na Sh. bilioni 362 mwaka 2016.

Msingi wetu wa mtaji uliendelea kuwa imara kwa mwaka mzima, Benki ilikuwa na utoshelevu wa mtaji wa 18% kwa mwaka 2017 na Uwiano wa Mtaji daraja la kwanza wa 17%. Fedha za wanahisa ziliongezeka kutoka Sh. bilioni 767 mwaka 2016 hadi Sh. bilioni 809 mwaka 2017.

### Maendeleo ya Biashara

Katika mwaka huo, uendeshaji wa biashara yetu uliendelea kuongozwa na Mkakati wa Muda Mfupi wa benki, Dira ya 2020. Tumepata maendeleo katika kutekeleza jitihada za kutambua mihimili mitatu ya kimkakati ya kutafuta amana, ufanisi katika uendeshaji na uongezaji wa biashara mpya.

Kulingana na lengo letu la kuwa karibu na wateja, "NMB Karibu Yako", tulifungua matawi mapya 24 na kufunga mashine mpya za ATM 100. Mtandao wa wakala wetu (NMB Wakala) uliongezeka kwa haraka kutoka mawakala 785 tu mwaka 2016 hadi mawakala 3,785 mwezi Desemba 2017. Kuongezeka kwa mtandao wetu kunajumuisha njia za ubunifu kama vile kutoa huduma za benki kwa uwakala kutatuwezesha kuwahudumia wateja wengi wakati tukidhibiti gharama za uendeshaji.

Mwaka mzima wa 2017, tuliendelea kuchochea jitihada za uboreshaji wa huduma kwa mteja, TWaweza, iliyosababisha mabadiliko kwa huduma kwa mteja kutoka makao makuu hadi matawini. Aidha, tulizindua bidhaa mpya kama vile Fanikiwa, akaunti ya miamala ya gharama nafuu kwa ajili ya wajasiriamali na kuendesha kampeni ya utambuzi kwa NMB Wakala, Biashara za Nje, na Wajibu, akaunti ya akiba kwa vijana. Bidhaa zetu za ubunifu zilituwezesha kutambulika nchini na kimataifa katika mwaka huo, kama ilivyowasilishwa katika sehemu ya Tuzo.

Ili kuendana na viwango vya kimataifa vya utoaji wa huduma za kibenki na hesabu, tulianza kujiandaa kutumia viwango vipya vya hesabu vya IFRS 9 vitakavyoanza kutumika mwezi Januari mwaka 2018. Katika mwaka huo tulifanya tathmini ya utokeaji wa hatari na kuongeza uimara wa michakato yetu ya udhibiti wa hatari ili kutuwezesha kufuata kikamilifu kanuni za IFRS 9. Matokeo ya tathmini yalionyesha kwamba tunatarajia ongezeko la tengo la mikopo kwa takriban 22% ikilinganishwa na ukotoaji wa awali wa viwango vya IAS 39. Pamoja na Uwiano wa Utoshelevu wa Mtaji wa 17%, vizuri zaidi ya kiwango kilichopangwa, tunaamini kwamba tumejiandaa vizuri kupokea mabadiliko hayo.





Dira ya 2020 inaifikirisha NMB kuingia katika benki ya kidijitali. Kuiandaa kampuni yetu kimkakati kwa ajili ya kipindi cha mpito, 2017 kulikuwa na utekelezaji wa mpango wa mabadiliko ya muundo wa uongozi wa kampuni, ambao tunaamini ni muhimu katika kuiwezesha safari yetu ya dijitali. Mabadiliko hayo mapya yatatuwezesha kuongeza mauzo kupitia uzingatiaji wa wateja na mchakato wa kuongeza bidhaa katika fursa ya dijitali. Mabadiliko hayo yalibainishwa katika awamu mbili, awamu ya kwanza ilifanyika katika matawi yetu wakati awamu ya pili ilifanyika Makao Makuu.

Mabadiliko katika matawi yalikamilika mwaka 2017. Mabadiliko hayo yalituwezesha kuimarisha uwezo wetu wa kuzingatia huduma kwa wateja wetu na kutumia muundo wa uongozi wa matawi kuongeza mauzo. Aidha, mabadiliko hayo yameleta fursa za kukua kwa wafanyakazi katika mtandao wa matawi kufuatia kuanzishwa kwa majukumu mapya na kuimarisha majukumu ya zamani ili kuruhusu kufanya kazi mbalimbali. Kupitia mabadiliko mapya, tuliweza pia kufungua matawi mapya bila kuongeza idadi ya wafanyakazi huku tukiboresha uzalishaji na kuwaridhisha wateja.

Awamu ya pili iliyofanyika Makao Makuu ilihusisha uboreshaji wa muundo wa uongozi ili kutenganisha kazi za uandaaji wa bidhaa na mauzo. Mchakato huo ulisababisha mabadiliko katika timu ya Menejimenti ya Benki, ambayo itaendelea kujumuisha Kamati ya Watendaji (EXCO) na Timu ya Uongozi Iliyoongezwa (ELT).

Kuanzia tarehe 1 Januari 2018, EXCO itakuwa na Mkurugenzi Mtendaji, Ofisa Mkuu wa Fedha, Mhazini na Ofisa Mkuu wa Mikopo, ambao majukumu yao yaliendelea kutoka katika muundo wa zamani wa uongozi. Wajumbe wapya wa EXCO watajumuisha: Mkuu wa Biashara kwa Wateja, atakayewajibika kwa mauzo ya rejareja, jumla na biashara katika kilimo; Ofisa Mkuu wa Rasilimali watu & Huduma nyingine, anayewajibika kwa rasilimali watu (HR), uendeshaji, ununuzi na usimamiaji wa miradi; Ofisa Mkuu wa Udhhibiti wa Hasara & Utimilifu anayewajibika kwa udhibiti wa hasara na utimilifu wa utendaji; na Mkuu wa Mabadiliko ya Dijitali na Bidhaa anayewajibika katika maendeleo ya bidhaa, usimamizi wa kudumu kwa bidhaa pamoja na ubunifu na teknolojia.

ELT inajumuisha wajumbe wote wa EXCO pamoja na Mkaguzi Mkuu wa Ndani, Wakuu wa Biashara kwa Huduma za Benki kwa wateja wakubwa, Huduma za Benki za Mauzo ya Jumla na Kilimo, Katibu wa Kampuni & Mkuu wa Masuala ya Sheria, Mkuu wa Mawasiliano na Uhusiano na Jamii na Mkuu wa Uhusiano wa Mikakati & Wawekezaji.

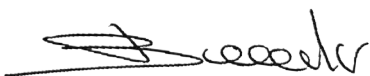
Kufuatia mabadiliko hayo, wafanyakazi wa Makao Makuu wameshashika nafasi zao mpya. Mchakato wa ajira kwa nafasi zilizokuwa wazi ulianza mwaka 2017 na utakamilishwa mwaka 2018.

### Mwonekano wa Mwaka 2018

Kwa kadiri tunavyoibuka kutoka katika mwaka uliokuwa na misukosuko mingi, mwonekano wa kukua kwetu kwa mwaka 2018 unaonekana kuwa mzuri, tuna uhakika kwamba tutaendelea kufanya vizuri katika siku zijazo. Uwekezaji wetu katika miaka michache iliyopita kwenye teknolojia sahihi, mifumo na michakato itatusogeza mbele kuelekea lengo letu la kuzalisha mapato endelevu & kukua. Tutatumia ubunifu, kudhibiti hasara, matangazo ya uanuai na michakato iliyoboreshwa kutofautisha huduma zetu na kuchochea ukuaji wetu.

Wakati tukiwa na matumaini mazuri, bado tunaendelea pia kuwa na tahadhari ya upepo unaoendelea katika uchumi, ambao umesababisha na utaendelea kusababisha hasara kubwa kuliko kawaida ya mikopo. NMB imechukua hatua ya kukabiliana na hatari ya kupata hasara kubwa ya utoaji mikopo, lakini katika hali hii, mwaka 2018 unaendelea kutotabirika.

Tunatarajia shughuli za sekta binafsi kuendelea mwaka 2018 kutokana na matumizi ya Serikali katika miundombinu na katika msukumo wake wa uchumi wa viwanda kwa kuhamasisha shughuli za uwekezaji. Kwa kadiri uchumi unavyokua, tutaendelea kusaidia hamu ya wateja kukua kwa kuwawezesha mikopo ya gharama nafuu, bidhaa zinazowalenga wateja na utoaji huduma ulioimarishwa.



Ineke Bussemaker  
Mkurugenzi Mtendaji

## Idara ya Wateja Binafsi

Idara ya Wateja Binafsi imeundwa na vitengo vitatu: Kitengo cha Wateja Binafsi (watu binafsi, makundi), Kitengo cha Biashara (wajasiriamali wadogo na wa kati) na Huduma za Uwakala za Kibenki (kuongeza wigo). Idara inatoa huduma nyingi zikiwamo akaunti binafsi na za akiba, rehani, mikopo ya magari pamoja na mikopo yenye dhamana na isiyo na dhamana kwa wafanyabiashara na wateja binafsi.

Mwaka 2017 ulikuwa wa changamoto kibiashara, mikopo binafsi ilipungua kwa asilimia tano kutoka Shilingi trilioni 1.5 ikilinganishwa na Shilingi trilioni 1.6 zilizorekodiwa mwaka uliotangulia. Kuporomoka kwa mtaji wa wateja binafsi kulichangiwa kwa kiasi kikubwa na hatua ya Serikali kuwafukuza kazi watumishi waliobainika kuwa na vyeti feki. Hata hivyo, licha ya kupungua mikopo binafsi, tulishuhudia ongezeko katika eneo la wateja Wadogo, Wajasiriamali Wadogo na wa Kati (MSME) ambalo lilikuwa kwa asilimia 10 ya mwaka hadi mwaka kufikia Shilingi 411 bilioni Desemba 2017. Kukua huko kumechangiwa na kuboreshwa kwa shughuli za mauzo katika matawi na kupungua kwa muda wa upatikanaji wa huduma.

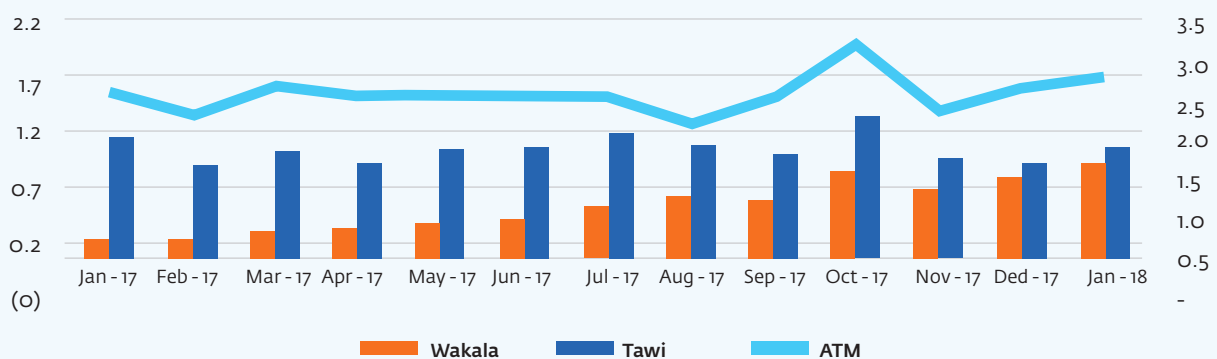
Salio la akaunti ya hundi na akiba lilikuwa kwa asilimia saba kutoka mwaka uliopita hadi Shilingi trilioni 2.2 Desemba 2017. Kwa kiwango kikubwa, kukua huko kumechangiwa na mapato yaliyotokana na mavuno ya korosho. Sababu nyingine kubwa ni mpango ulioanzishwa na benki wa kutoa mafunzo kwa zaidi ya mwaka ambao ulichochea kubadili fikra za wafanyakazi wanaoshughulika na wateja hivyo kujenga utamaduni wa kutangaza vizuri zaidi huduma zetu.

Ili kutoa wigo mpana wa huduma kwa wateja wetu, huduma kadhaa zilianzishwa katika kipindi cha mwaka. Hizo ni pamoja na kuanzisha mikopo kwa wastaafu ambao hawajaanza kulipwa pensheni na kupata ufumbuzi wa huduma kwa watu hawajastaafu na kuimarisha uwezo wetu wa ufumbuzi wa uwekaji rehani. Pia tulianzisha akaunti ya Fanikiwa, ambayo ni ya gharama nafuu mahsusi kwa ajili ya wajasiriamali wadogo. Hatua hizi pia ni sehemu ya mkakati wa benki wa kupanua wigo wa rasilimali zetu ambazo kwa kiasi kikubwa imekuwa ikitegemea zaidi Mikopo kwa Wafanyakazi Wanaolipwa Mishahara (SWL).

Katika kipindi cha mwaka, benki imetanua mtandao wake kwa kuongeza matawi 24 na kuongeza idadi ya matawi hadi kufikia 212. Pia NMB iliongeza mtandao wake wa ATM hadi kufikia 770 ikilinganishwa na 670 zilizokuwapo mwaka uliotanguliwa. Moja ya jambo kubwa katika utanuzi wa mtandao mwaka huu ni mtandao wa huduma za uwakala wa kibenki. Sehemu ijayo ya ripoti hii inatoa taarifa zaidi taarifa zaidi kuhusu maendeleo haya.

Huduma ya Uwakala wa Benki imeendelea kukua, kuimarika na kuongeza wigo wa huduma wa NMB. Mwishoni mwa 2017, ilikuwa na mawakala 3,785 waliokuwa wakifanya kazi. Katika kipindi cha mwaka, mawakala walifanya miamala 8.1 milioni iliyokuwa na thamani

## Mwenendo wa Miamala (zilizowekwa + zilizotolewa - kwa mamilioni)



ya Shilingi 2.8 trilioni. Ikilinganishwa na matawi, mtandao wa mawakala unachangia asilimia 42 ya miamala ya uwekaji amana na utoaji.

Kwa hakika, idadi hii inafikisha miamala ya mawakala 750,000 kati ya miamala milioni 1.8 ya matawi hadi Desemba 2017. Utendaji bora wa mtandao wetu wa mawakala unajionyesha katika ubanaji wa matumizi ya benki kwani ungehitaji walau matawi mapya 25 na ATM mpya 45 kukidhi matakwa ya miamala iliyotolewa na mawakala. Mwaka 2018, idara ina mpango wa kuongeza idadi ya mawakala na kuongeza uendeshaji wa huduma za kibenki kwa kutumia mawakala.

Ili kushughulikia mahitaji yanayojitokeza katika miji midogo na miji, NMB ilianzisha huduma ya Super Wakala mwaka 2017, ambayo inamwezesha wakala kutoa huduma nyingi zaidi kwa wateja bila ya kulazimika kufungua tawi hivyo kupunguza gharama. Katika mwaka huu, benki ilifanikiwa kuanzisha Super Wakala sita. Mbili katika Kanda ya Ziwa, moja Kanda ya Magharibi; moja Kanda ya Dar es Salaam; moja Kanda ya Nyanda za Juu na moja Kanda ya Mashariki. Mwaka 2018, idara ina mpango wa kuanzisha Super Wakala nchini kote.

Kwa kuongeza, Desemba 2017, NMB iliongeza wateja kutoka wale wanaotumia kadi kutolea fedha hadi wasiotumia kadi kupitia NMB Mobile. Eneo hilo limewawezesha wateja kuwa na wigo mpana wa kuchagua aina ya muamala wanaohitaji. Katika siku 30 za mwanzo baada ya kuanzishwa, miamala ipatayo 8,000 yenye thamani ya Shilingi bilioni 4 ilifanyikwa kazi. Aidha, benki ilianzisha utoaji wa Kamisheni ya Malipo ya Bili kwa mawakala. Hii imewezesha mawakala kuongeza miamala ya ulipaji wa bili kwa asilimia 1,200 kutoka 20,000 Januari 2017 hadi 300,000 Desemba 2017.

Licha ya kupata mafanikio katika kipindi cha mwaka, pia kulikuwa na changamoto kadhaa hususan katika uwakala wa huduma za kibenki. Uelewa wa wateja kuhusu huduma hiyo ni eneo linalohitaji kufanyiwa kazi na tuna mpango wa kulifanyia kazi zaidi mwaka 2018.

Mahitaji na matarajio ya wateja wetu yanaendelea kubadilika yakichangiwa na kubadilika kwa hali ya kijamii na mfumo wa maisha unaoendana na kuongezeka kwa uchaguzi wa bidhaa na zinavyotolewa. Benki inaelewa kwamba katika soko kuna fursa kadhaa ambazo hazijaguswa, kwa sababu hiyo, mwaka 2018, tutaendelea kuwekeza zaidi katika digitali ili kuhakikisha tunawafikia ambao hawapati huduma hususan, vijijini.

### Idara ya Wateja Wakubwa

Idara ya wateja wakubwa (Wholesale Banking) inalenga kutoa huduma za hali ya juu za suluhisho la kifedha kwa mashirika makubwa, taasisi na Serikali. Huduma hizi ni kutoka ubadilishaji wa fedha, kutoa fedha za mitaji, muundo wa kifedha, miamala ya kibiashara, na usimamizi wa kiasi kikubwa cha fedha taslimu na huduma za ukusanyaji.

Mkakati wa idara wa kutoa huduma bora ambazo zitakuwa suluhisho la mahitaji yao, zinakwenda sambamba na mpango mkakati wa benki. Tunarekebisha mwelekeo wetu mkuu ili kuhakikisha kwamba kipaumbele chetu kinabaki kwa wateja wakati tukisimamia utendaji na upatikanaji wa faida.

Idara inaendelea kuchagua wateja kwa umakini, ambao tunaanzisha uhusiano wa muda mrefu katika kusaidia mipango yao ya ukuaji. Uhusiano huu unawezesha utoaji wa suluhisho la pamoja katika kufikia mahitaji ya wateja wetu. Aidha, mtandao uliosambaa wa NMB unawawezesha wateja kupata huduma mbalimbali za kifedha na hivyo kusaidia kukuza biashara zao katika sekta kama Usafirishaji na Ugavi, Mafuta na Gesi, Huduma, Nishati, Mawasiliano na Viwanda. Mara kwa mara, Idara ya wateja wakubwa imekuwa ikifanya tathmini ya vihatirishi vinavyohusiana na sekta zote hizo na mazingira ya kibiashara kwa ujumla.

Huduma Tunazotoa kwa Wateja			
Huduma za Kibenki kwa Taasisi	Huduma za Kibenki kwa Wateja Wakubwa	Huduma za Kibenki kwa Taasisi za Serikali	Miamala ya Kibenki
<ul style="list-style-type: none"> <li>Akaunti za Uwekezaji</li> <li>Usimamizi wa Fedha Taslimu</li> <li>Suluhisho la Malipo</li> <li>Akaunti Maalumu za Kitaasisi</li> <li>Suluhisho la Biashara za Kifedha</li> </ul>	<ul style="list-style-type: none"> <li>Akaunti za Hundi na Wito</li> <li>Mikopo (muda mfupi/wa kati)</li> <li>Mifumo ya Kifedha</li> <li>Utoaji na Ukusanyaji wa mikopo ya pamoja</li> <li>Suluhisho la Biashara za Kifedha</li> </ul>	<ul style="list-style-type: none"> <li>Ukusanyaji unaojiendesha wenyewe</li> <li>Suluhisho la Malipo</li> <li>Huduma za Kibenki kwa Serikali</li> <li>Suluhisho la Biashara za Kifedha</li> </ul>	<ul style="list-style-type: none"> <li>Suluhisho la Malipo ya Bili ya nje ya mtandao</li> <li>Huduma za Kibenki kwa Mtandao wa Intaneti</li> <li>Kituo cha Ukusanyaji Fedha Taslimu</li> <li>Huduma za usafirishaji wa fedha</li> </ul>

## Utendaji Kibiashara

Kwa miaka kadhaa, idara imeendelea kuimarisha uhusiano wake wa kibiashara na wateja wa kitaasisi. Mafanikio makubwa yaliyopatikana ni pamoja na kuunganisha mfumo na Mamlaka za Maji na uhusiano wa karibu na balozi na mashirika yasiyo ya kiserikali. Pia, tumeendelea kuimarisha uhusiano na Serikali kwa kuanzisha ushirikiano na Tawala za Mikoa na Serikali za Mitaa (TAMISEMI) kwa kuunganisha mfumo wetu wa benki na mfumo wa malipo wa Kielektroniki wa Serikali (GePG). Pia tumepanua huduma za NMB Dodoma na Zanzibar. Tumefungua ofisi ndogo ya makao makuu Dodoma. Pia, idara imeendeleza uhusiano kwa kudhamini shughuli mbalimbali kama vile kuwasha na kuzima Mwenge wa Taifa pamoja na mkutano wa mwaka wa Jumuiya ya Tawala za Mitaa (ALAT).

Mwaka 2017, idara iliendelea kuimarisha uhusiano wa kibiashara na wateja wakubwa. Vifaa vilitolewa kwa wateja wakubwa kwenye sekta kama usafiri, biashara, petroli na viwanda. Licha ya changamoto zilizokuwapo, idara ilikuwa na ongezeko la asilimia 14 la mwaka hadi mwaka katika mikopo na kufikia Shilingi bilioni 879 mwishoni mwa mwaka 2017 ikilinganishwa na Shilingi bilioni 769 za mwishoni mwa mwaka 2016. Kwa kiasi kikubwa, ukuaji huo ulitokana na sekta za Usafirishaji, Viwanda na Sekta za Huduma.

Idara ilikuwa na ongezeko la asilimia 12 la amana kutoka Shilingi bilioni 1,373 Desemba 2016 hadi kufikia Shilingi Bilioni 1,540 mwaka 2017. Ukuaji huo ulichangiwa na kuongezeka kwa amana za Serikali na Taasisi pamoja na amana za kidigitali. Aidha, kampeni ya Biashara ya Kifedha iliyozinduliwa mwaka 2017 ilituwezesha kukua, mbali na miamala ya mizania ya mitaji kwa Shilingi bilioni 950 kutoka Shilingi bilioni 786 za mwaka 2016 hadi Shilingi bilioni 1,540 mwishoni mwa 2017.

Katika kipindi chote cha mwaka, Idara ya Wateja wa Wakubwa ilifanikiwa kupunguza vihatarishi kutokana na usimamizi bora na ukuaji mzuri wa vitabu vya mitaji. Idara pia ilichukua hatua kutokana na kudorora kwa mazingira ya kibiashara mwaka 2017 kwa kuwashirikisha wateja katika kuzifahamu changamoto walizokuwa wanakabiliana nazo na kutoa suluhisho muafaka. Mwaka 2018, tunalenga kubainisha fursa mpya za kibiashara na kuendelea kusimamia vyema daftari letu la mikopo.



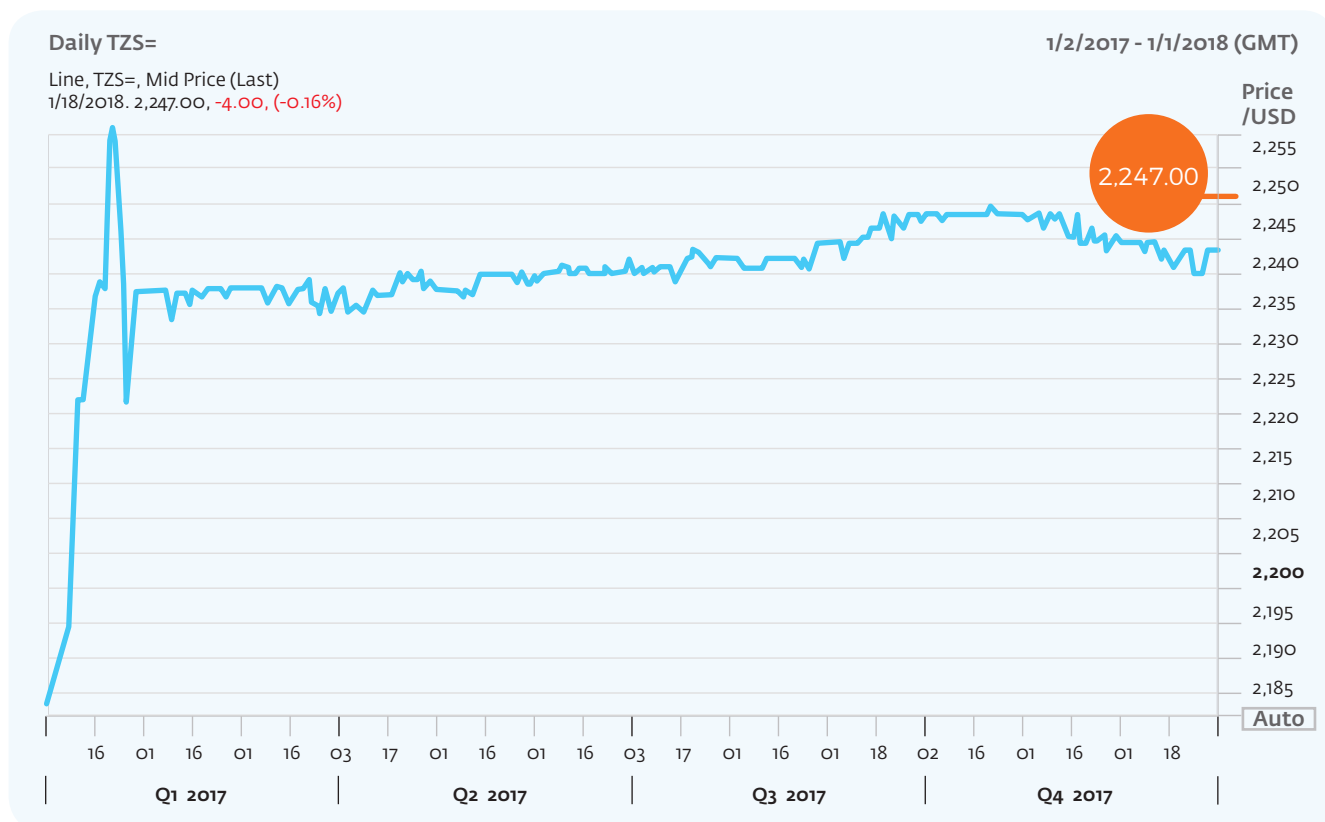
## Idara ya Hazina

Kwa mwaka 2017, Idara ya Hazina ilifanya kazi nzuri kwa kuongeza mapato ya mwaka hadi mwaka kwa wastani wa asilimia 16 na kufikia kiasi cha Shilingi bilioni 135.

Mapato ya Fedha za Kigeni (FX) yalifikia Shilingi bilioni 18 na yalikuwa juu kwa asilimia 15 ikilinganishwa na mwaka uliopita na zaidi ni kutokana na kuinuka kwa shughuli za masoko, hasa mapato ya dola wakati wa msimu wa uuzaji mazao nje ya nchi na utalii. Katika kipindi chote cha mwaka, kuimarika kwa sarafu kulikotokana na anguko la fedha za kigeni, lilizibwa na mapato ya uuzaji wa mazao nje ya nchi pamoja na ununuzi wa fedha za kigeni wa Benki Kuu ya Tanzania (BoT) ikiwa ni sehemu ya shughuli zake za kuhakikisha kunakuwa na ukwasi katika soko.

Mapato kutokana na Usimamizi wa Mali na Dhima (ALM) yalifikia Shilingi bilioni 117 na kufanya ongezeko la mwaka hadi mwaka kuwa asilimia 17. Kwa kiasi kikubwa, hii ilichangiwa na mikakati madhubuti ya kuongeza ukwasi kupitia dhamana za Serikali na Vyombo vya Masoko ya Fedha. Ziada katika ukwasi ilikuwa ni matokeo ya upungufu wa fursa za ukopesaji katika kipindi cha mwaka, hivyo

## MCHORO UNAOONYESHA HALI YA UBADILISHAJI USD/TZS KUANZIA ROBO YA KWANZA 2017 MPAKA ROBO YA NNE YA 2017

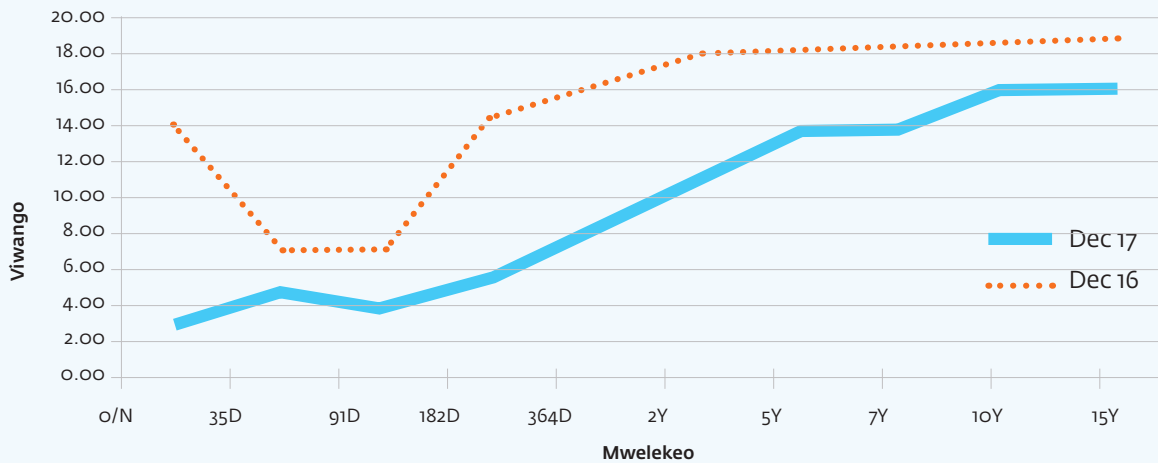


Chanzo: Benki kuu ya Tanzania na Reuters

kuifanya benki kubakiwa na kiasi kikubwa cha fedha ambacho hakikuwekezwa katika dhamana za Serikali (kama ilivyoonyeshwa katika ongezeko la asilimia 30 mwaka hadi mwaka) wala kubaki katika akaunti isiyo ya riba ya BoT wakati fursa za uwekezaji zinapokuwa hafifu.

Kwa ujumla, kupungua kwa ongezeko la mikopo kwa watu binafsi na biashara kumefanya mabanki kuwekeza kwa wingi kwenye dhamana za Serikali. Hili pia limejionyesha kwa kuwapa maombi yaliyopindukia ya hati fungani na amana katika Dhamana za Serikali pamoja na kupungua kwa shinikizo la viwango vya riba. Riba ya mikopo ya harakaharaka ilipungua hadi asilimia 2.91 Desemba 2017 kutoka asilimia 14.13 Desemba, 2016. Kipindi kama hicho kilishuhudia anguko la riba ya dhamana za Serikali kwa wastani wa alama 707. Mbali na hilo, viwango vya riba kwa ujumla vilipungua kwa wastani wa alama 400 kutoka Desemba 2016 hadi Desemba 2017. NMB inaendelea kuwa na ukwasi kwa muda mrefu, ikiwa na Kiwango cha Uwiano wa Mikopo na Amana (LDR) na Uwiano wa Ukwasi na Mali (LAR) cha asilimia 64 na 35 hadi kufikia Desemba 31, 2017. Viwango hivi vya ukwasi vipo ndani ya mipaka ya kikanuni.

## VIWANGO VYA RIBA: DESEMBA 2016 &amp; 2017



Chanzo: Benki Kuu ya Tanzania

Katika kufikia Dira ya benki ya mwaka 2020 ya kupanua wigo wa mikondo yake ya mapato, NMB ilipewa leseni na Mamlaka ya Masoko ya Mitaji na Dhamana (CMSA) ya kuwa Benki Msimamizi (Custodian Bank) Oktoba, 2017. Biashara hiyo inatarajiwa kuanza mwaka 2018 na itatoa huduma nyingi zikiwamo, Matunzo Salama ya Dhamana (Safe keeping of Securities), Utoaji na Mafikiano ya Dhamana; Kuchakata hatua za Shirika (Corporate Actions Processing) ikiwamo ukusanyaji wa riba na gawio pamoja na kutoa taarifa za masuala ya wateja kupitia MIS.

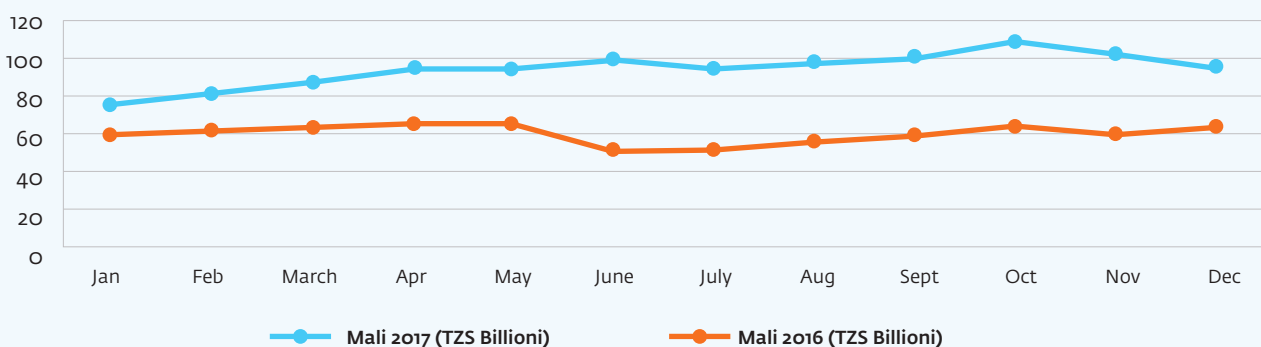
## Idara ya Biashara ya Kilimo

Idara ya Biashara ya Kilimo ni kitengo maalumu kinachotoa huduma kwa Mnyororo wa Thamani wa Kilimo ikihusisha mashirika ya kilimo ya (biashara za bidhaa, wachakataji), wakulima wa kibiashara, Wateja wadogo na wa kati katika kilimo – wafanyabiashara na wachakataji, wakulima chipukizi na wadogo.

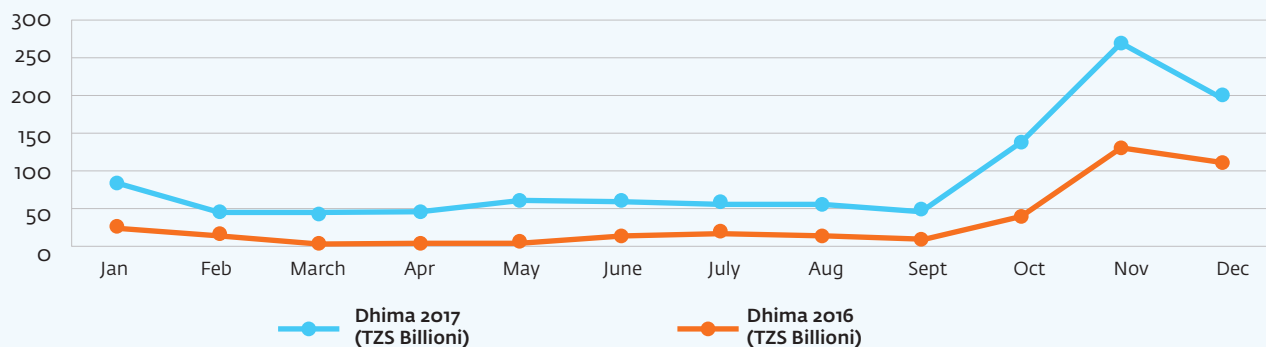
NMB inatoa suluhisho la kifedha kukidhi mahitaji mahsusi ya wateja katika vitengo husika. Suluhisho hilo linapata msaada wa kiufundi kutoka Rabobank, ambayo ina uzoefu na ipo katika mabara yote ulimwenguni ikiwa na uelewa wa kina wa masuala ya kifedha ya kilimo. Idara pia ina lengo la kuongeza ufahamu na uelewa wa sekta ya kilimo ndani na nje kupitia Kitengo chake cha Huduma za Utafti na Ushauri wa Chakula na Biashara ya Kilimo (FAR).

Mwishoni mwa mwaka 2017, mikopo kwa ajili ya shughuli za biashara ya kilimo ilifikia shilingi bilioni 96, ikiwa ni ongezeko la asilimia 52 ikilinganishwa na kipindi hicho mwaka 2016. Kuongezeka huko kumechangiwa na kuongezeka kwa mikopo ya kilimo ya muda mrefu. Kwa upande mwingine, dhima za biashara ya kilimo zilifikia Shilingi bilioni 190 Desemba 2017 ambayo ni asilimia 58 zaidi ya bajeti ya mwaka 2017. Ikilinganishwa na mwishoni mwa mwaka 2016, dhima ziliongezeka kwa asilimia 78 zaidi ikiwa ni kutokana na mpango wa kuwaleta wakulima kutoka katika makundi mbalimbali. Ulinganganisho wa mikopo na ukuaji wa madeni kwa mwaka 2016 na 2017 imeonyeshwa hapa chini:

## Ulinganifu wa uwiano wa ukuaji wa biashara ya Kilimo kwa mwaka 2016 na 2017



## Ulinganifu wa uwiano wa ukuaji wa madeni ya biashara ya Kilimo kwa mwaka 2016 na 2017



Mwaka 2018, idara imelenga kujielekeza zaidi katika kufanikisha uwezeshaji kifedha mnyororo wa thamani wa kilimo, ongezeko la uwekaji amana na muda wa kurejesha mikopo yetu. Aidha, tunaangalia uwezekano wa kuwa na mjadala wa kisera na wadau wetu wakubwa kama Serikali na Bodi za Mazao ili pande zote kuwa na mwelekeo wa pamoja katika mnyororo wa thamani wa kilimo.

## TEHAMA &amp; Uendeshaji

Wateja siku hizi wanahitaji kupata huduma nyingi na zinazopatikana kirahisi zaidi. Benki ya NMB imeendelea kusambaza teknolojia ya kisasa katika kutoa suluhisho la mahitaji ya kibenki kwa kutumia simu za mkononi na njia nyingine zote kukidhi mahitaji ya wateja wetu.

Benki imewezesha miamala ya utumaji wa fedha hadi ulipaji wa bili, kodi na ada kuwezekana kwa kutumia simu ya mkononi na kuwapa wateja wetu uhuru wa kufanya miamala kwa nafasi.

Mwaka 2017, ulipaji wa bili kwa mtandao ulikuwa mkubwa zaidi ya ule wa kawaida kwa uwiano wa 7:1 hili liliwezekana baada ya kuunganisha mifumo ya watozaji wa bili wengine ambapo tuliongeza mpaka kufikia washirika 21. Hadi kufikia Desemba 2017, jumla ya aina 266 za bili ikiwamo makusanyo ya Serikali za Mitaa, Mamlaka ya Mapato Tanzania (TRA), Mamlaka ya Usimamizi wa Bandari Tanzania (TPA), shule, vyuo vikuu, huduma za maji/nishati, Mfumo wa Malipo wa Serikali kwa Mtandao – Government e-payment Gateway (GePG), Mamlaka ya Hifadhi ya Ngorongoro (NCAA), kutaja chache, zinajiendesha zenyewe na zimewekwa katika chaneli zetu ikiwamo huduma kupitia mtandao wa simu.

Mapato ya akaunti kutoka katika mifumo hii yanaongezeka; katika kipindi cha mwaka, taasisi 15 kupitia mfumo wa Serikali wa GePG ulilingiza mapato ya Shilingi bilioni 770 wakati shule zilingiza mapato ya Shilingi bilioni 13. Makusanyo ya Chuo Kikuu cha Dodoma (UDOM), yalifikia Shilingi bilioni 5.2 mwezi wa kwanza tu baada ya kuanzisha mfumo huu, wakati ule wa pamoja wa PPF & NHIF ulifikisha mapato ya Shilingi bilioni 52 tangu ulipozinduliwa Julai 2017.

Katika robo ya pili ya mwaka 2017, tulikamilisha mradi wetu wa ndani wa utengenezaji kadi ndani ya bajeti na muda uliyopangwa. Kutokana na mafanikio hayo, muda wa utoaji wa kadi ulipungua kwa kiasi kikubwa, kutoka miezi miwili hadi siku mbili kwa Dar es Salaam na kwa siku zisizozidi saba kwa mikoani.

Miundombinu ya Kiteknolojia katika mfumo wetu wa taarifa kwa wakati wote wa mwaka imekuwa sawia kwa asilimia 100 ikiwa ni juu ya malengo yetu ya asilimia 99.98, hapakuwa na tukio la mtandao kuwa chini jambo ambalo lilituhakikisha utoaji huduma za uhakika.

Kutokana na mafanikio yaliyofikiwa katika kufanya shughuli zetu ziwe zinajiendesha zenyewe katika kipindi cha miaka mitatu, tumefanikiwa kupunguza kwa asilimia 50 shughuli zinazohitaji kuhudumiwa moja kwa moja na mtu na hivyo kutoa nafasi ya kuimarisha uwezo wa Watumishi wa ndani (FTE) katika mauzo na kuwahudumia wateja.

Kuanzia mwaka 2016 hadi 2017, benki iliwekeza katika mfumo wa aina yake wa usimamizi na uchambuzi wa data kwa kuwezesha fanya kuwa wazi na kuujengea uwezo wa kiuchambuzi ili kusaidia utendaji kibiashara kwa kunasa na kutoa taarifa kwa haraka, kutoa uamuzi kwa kutumia data. Mwaka 2018, mtazamo wetu utakuwa ni kufanya uchambuzi wa matarajio ambayo yatatuwezesha kutumia vizuri data kubwa kutoka katika vyanzo mbalimbali ikiwamo Internet of Things (IoT).

### Idara ya Rasilimali Watu

Moja ya mafanikio makubwa ya Idara ya Rasilimali Watu mwaka 2017 ilikuwa ni kukamilika kwa mpangilio mpya wa kiutendaji kwa matawi ambapo uhuishaji wa idadi ya wafanyakazi uliongeza tija kama ilivyotarajiwa katika malengo yetu ya kimkakati yaliyomo katika mpango wetu wa kati, Dira ya 2020. Katika mwaka, NMB ilifikia uwiano wa asilimia 33 wa jumla ya gharama za wafanyakazi ikiwa ni miongoni mwa viwango vya chini kabisa katika tasnia. Pia tulikuwa ukuaji hasi wa wafanyakazi (asilimia -2) katika mwaka licha ya kufungua matawi mapya 25 kwa kutumia rasilimali hizohizo.

Mageuzi katika Makao Makuu, ni mafanikio mengine makubwa ya mwaka. Mchakato huo ulilenga katika kuboresha rasilimali na kuisukuma benki kuwa ya kidigitali ifikapo mwaka 2020. Bodi ya Wakurugenzi iliidhinisha masuala yote muhimu ya mfumo mpya wa Kamati ya Utendaji. Tumeanza mchakato wa kuajiri kujaza nafasi na hili litaendelea katika mwaka 2018.

Mbali ya kuangalia upya idadi ya wafanyakazi, mfumo wa uendeshaji wa Idara ya Rasilimali Watu pia ulifanyiwa mapitio kwa mwaka huu na Mfumo mpya wa Malengo ya Utendaji (TOM) uliidhinishwa na kuanza kutumika. Mfumo huo mpya umelenga kuimarisha mkakati wa kufungamanisha shughuli za Rasilimali Watu na biashara kupitia mpango wa Rasilimali Watu na Washirika wa Biashara (HRBP) huku ikiendelea kutoa huduma za Rasilimali Watu katika hali ya ubora kupitia Kituo cha Kitaalamu cha Rasilimali Watu (CoE) na Idara Shirikishi za Huduma za Rasilimali Watu.

Mwaka 2017, idara ilivuka malengo kwa kutoa viwango vya upimaji wa ubora wa wafanyakazi vilivyowekwa na Bodi ya Wakurugenzi. Gharama ya wafanyakazi ilikuwa chini ya bajeti kwa asilimia 7, ambayo ilitokana na udhibiti wa kazi katika saa za ziada, uhamisho na ongezeko la wafanyakazi. Katika jitihada zake za kuimarisha uwiano wa jinsia, benki iliongeza idadi ya wafanyakazi wanawake kwa asilimia 0.4 katika kipindi cha mwaka. Ongezeko hilo dogo la wanawake limefanya uwiano kuwa asilimia 53 wanaume na 47 wanawake.

NMB inawatambua watu wake kama wadau muhimu katika kusimamia mikakati yake. Benki ipo makini kuhakikisha kwamba wafanyakazi wake wanakuwa na furaha kuridhishwa na mazingira yao ya kazi. Ili kupima ni kwa jinsi gani benki inatekeleza malengo yake, NMB iliendesha zoezi la kukusanya Maoni ya Wafanyakazi (EOS) mwaka 2017. Matokeo yalionyesha kwamba kiwango cha kuridhika cha wafanyakazi kiliendelea kubaki kuwa asilimia 71 kama ilivyokuwa katika zoezi lililotangulia. Hata hivyo, washiriki katika kutoa maoni walikuwa asilimia 90 ikilinganishwa na asilimia 80 ya washiriki wa zoezi lililotangulia.

Kutokana na mafanikio ya mwaka 2017, mtazamo kwa mwaka 2018 utakuwa ni kuhakikisha kwamba mkakati wa kuweka mfumo wa HRBP unaunganishwa katika biashara, wakati tukiendelea kuimarisha utendaji na tija katika kazi za HR.



### Ukaguzi wa Ndani

#### Nafasi yake

Idara ya Ukaguzi wa Ndani (IAF) ina ripoti katika sehemu mbili; kiutendaji, inawajibika kwa Bodi ya Wakurugenzi na kiutawala kwa Mkurugenzi Mtendaji. Inafanya kazi zake kwa uhuru ikitoa uhakikisho na ushauri kwa Bodi na Menejimenti juu ya ufanisi wa usimamiaji wa athari, udhibiti na utawala bora.

#### Dhima ya Ukaguzi wa Ndani

Dhima ya Ukaguzi wa Ndani ni kuongeza na kulinda thamani ya NMB kwa kutoa hakikisho kutokuwapo kwa athari, ushauri na ufahamu.

Idara ya Ukaguzi wa Ndani ya NMB inahakikisha sera na taratibu za shirika zimeandaliwa ili kupunguza athari, zinafuatwa na udhibiti unafanya kazi kama inavyotarajiwa na Menejimenti na Bodi.

Kwa uhuru na kutokupendelea, wakaguzi wa ndani wana ufahamu wa kipekee katika kuboresha taratibu za kibenki, utendaji na udhibiti wa athari na njia za kupunguza gharama, kuongeza mapato na faida.

#### Utendaji

Idara inafanya ukaguzi kwa kuzingatia viwango vya Taasisi ya Wakaguzi wa Ndani (IIA) kama vilivyothibitishwa na wataalamu wa ukaguzi wa kujitegemea.

Kufikia dhima yetu kwa ufanisi unaotakiwa, tunatumia teknolojia katika mchakato wa ukaguzi, hii inahusisha kifaa cha uchambuzi wa data na usimamizi wa ukaguzi.

Sambamba na mpango wa kupunguza vihatarishi ulioidhinishwa na Bodi, pia tunafanya ukaguzi katika maeneo nyeti na ya hatari katika uendeshaji wa benki Makao Makuu na katika Matawi na kutoa mapendekezo ya ufanisi wa usimamiaji wa athari, udhibiti na utawala bora.

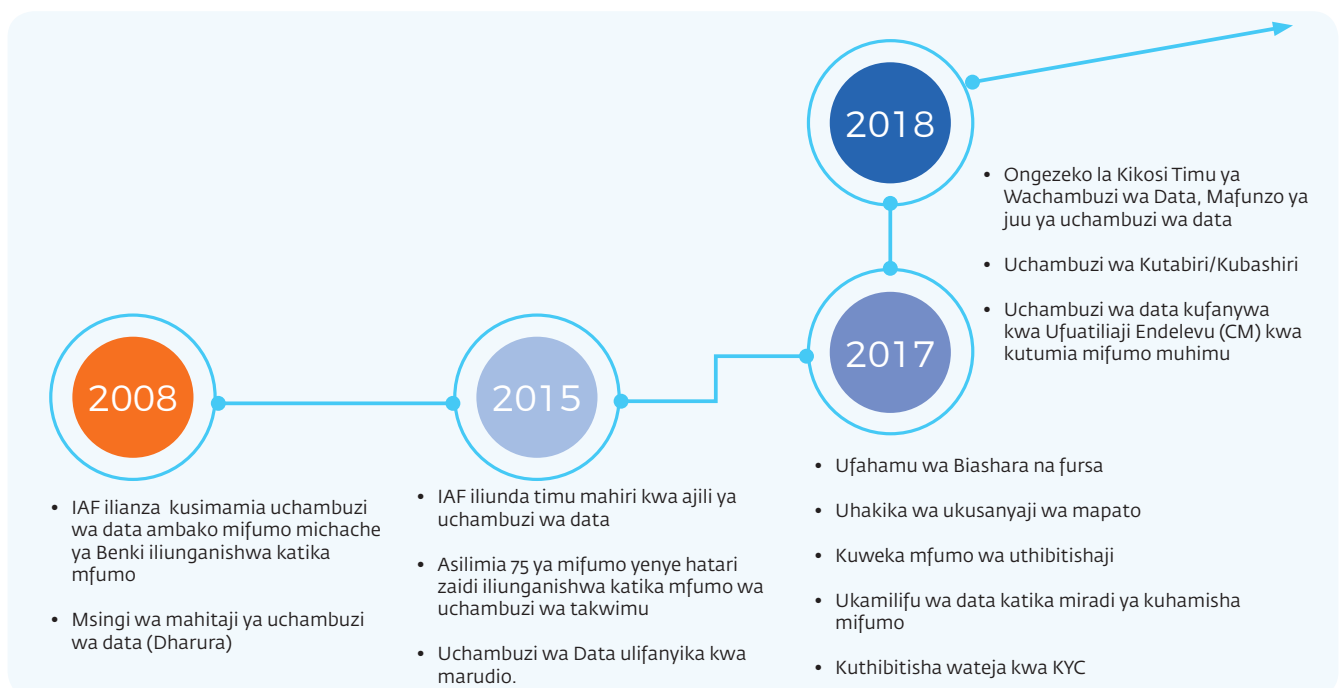
#### Maendeleo ya Uchambuzi wa Data

Uchambuzi wa data umeonyesha thamani kubwa katika kutoa uhakika wa biashara katika wigo mpana zaidi sambamba na ukuaji wa biashara.

Kupitia uchambuzi wa data, tumeweza kutoa hakikisho la usimamizi wa vihatarishi vya biashara ya ujasiriamali, kufahamu na kuchambua jinsi ya kufikia uamuzi wa biashara unaotabirika na kuchukua hatua.

Uchambuzi wa data utaendelea kuwa mwelekeo wetu wa kimsingi ili kwenda sambamba na mkakati wa Benki wa mabadiliko ya kidigitali.

### Mafunzo na maendeleo ya ngazi ya juu ya uchambuzi wa takwimu



### Idara ya Mikopo

Kwa mtazamo wa Idara ya Mikopo, mwaka 2017 ulikuwa wa changamoto. NMB, pamoja na washirika wake wa kibiashara walishuhudia athari za upepo mbaya wa kiuchumi; wastani wa uwiano wa mikopo chechefu (NPL) katika sekta ya benki hadi kufikia Desemba 2017 ilikuwa asilimia 11.7 ambayo ilikuwa juu ikilinganishwa na asilimia 9.5 iliyoripotiwa Desemba 2016.

Kutokana na kuwapo kwa uwiano wa mikopo chechefu wa asilimia 9.3 wa NPL ambao ulinakiliwa mwezi Septemba 2017, benki ilichukua hatua za busara kusafisha vitabu vyake vya madeni katika robo ya mwisho ya mwaka 2017. Matokeo yake, Benki iliripoti uwiano wa NPL wa asilimia 6.5 Desemba 2017, ukiwa juu ya asilimia 4.7 iliyonakiliwa mwezi Desemba 2016.

Sababu kubwa ya kuongezeka kwa madeni chechefu (NPL) ndani ya NMB ni Mikopo kwa Wafanyakazi (SWL) ambayo ilitokana na hatua ya ukaguzi wa vyeti vya watumishi wa umma. Ukaguzi huo ulibaini na kuwaachisha kazi wale ambao walighushi vyeti pamoja na wale wa darasa la saba ambao nafasi zao zililitaji mwenye cheti cha kidato cha nne. Aidha, wateja wachache wakubwa walishindwa kutimiza wajibu wao kutokana na kupungua kwa mzunguko wa fedha ambao uliathiri uwezo wao wa kulipa. Baadhi ya sekta zilizoathirika ni pamoja na biashara, usafirishaji na ugavi, ujenzi, hoteli na sehemu za mapumziko. Mwaka 2017, Idara Maalumu ya Usimamizi wa rasilimali (SAM) iliongezewa uwezo wa rasilimali na ujuzi ili kusimamia, kuandaa upya namna ya ulipaji au kuanza tena kulipa mikopo yote ambayo imefikia au inakaribia kufikia kuwa chechefu.

#### **Idara ya Mikopo pia imechukua hatua za ziada kuongeza usimamizi wa mikopo:**

- Mikopo yote mizito na iliyozidi katika akaunti zenye madeni pamoja na malimbikizo katika malipo ya mikopo inajadiliwa kila wiki katika kamati husika za mikopo na hatua zilizokubaliwa kuchukuliwa zinafuatiliwa kwa karibu
- Dhamana za mikopo kwa wateja wetu wakubwa zimepitwa upya kuona ukamilifu wake na thamani halisi ya soko kwa sasa. Kasoro yoyote inayobainishwa inarekebisha
- Kitengo cha Usimamizi wa Mikopo kimeimarishwa ili kuongeza usimamizi wa masharti yaliyowekwa na kamati za mikopo pamoja na kuangalia ukamilifu wa dhamana na kutoa kwa wakati mapitio, kuthaminisha upya, kutoa uhakikisho mpya (kukata tena bima) na malipo ya kodi ya ardhi.

Pamoja na mipango iliyoainishwa hapo juu, Idara ya Mikopo inafanya mapitio ya mwaka kuboresha sera za mikopo za benki. Inashirikiana na Idara ya Udhidhi wa Vihatarishi kuandaa mabadiliko ya nyaraka kama vile Taarifa ya Kiwango cha Uthubutu na utaratibu wa Kupima Msongo. Bodi ya Ukaguzi, Kamati ya Udhidhi Hasara na Uzingatiaji Sheria (BARCC), inapitia nyaraka hizi kila mwaka na kufuatilia jinsi benki inavyozingatia viwango vilivyowekwa.

Ili kusaidia katika usimamizi vihatirishi vya mikopo katika Benki, idara imetengeneza mfumo wa kufanya upembuzi wa mikopo katika mikopo midogo. Mfumo huu unatumika kikamilifu kwenye mtandao wa matawi yote ya benki. Aidha, mfumo wa benki umeunganishwa na ule wa Kituo cha Kumbukumbu ya Mikopo (CRB) ambacho kinatoa taarifa ya wakopaji na historia za mikopo. Hii imesaidia kuifanya kazi ya kuangalia kumbukumbu za mikopo kujiendesha.

Kituo cha Mikopo cha NMB ambacho kilianza kazi kikamilifu mwaka 2014 kimeendelea kufanya shughuli ya ufuatiliaji na ukusanyaji wa Mikopo Midogo (Mikopo ya Rejareja). Mwaka 2017, Kituo cha Mikopo kilipokea majukumu ya ziada ikiwamo kushughulikia mikopo ya MSE pamoja na utoaji unaojiendesha wenyewe wa mikopo yote ya MSE na mikopo ya Wafanyakazi Wanaolipwa Mishahara. Mpango kwa ajili ya mwaka 2018 ni kutanua zaidi usimamizi wa utoaji wa mikopo kwa Shughuli za Biashara ya Kilimo na SME. Pia, Kituo cha Mikopo inafanyia kazi Mfumo wa Maombi ya Mikopo (CAS) kwa wateja wakubwa, SME na kilimo, ambao utasimamia mchakato mzima kuanzia maombi, kuidhinishwa mpaka kutolewa kwa mikopo. Mbali ya kupunguza muda wa kuandaa mikopo, CAS ni ya uwazi na kwa kiwango kikubwa haihitaji mlolongo wa makaratasi. Mfumo utazinduliwa kwa awamu kuanzia katikati ya 2018.

Zaidi ya hayo, kuanzia Januari Mosi, 2018, benki itabadili kanuni za uhasibu za IAS 39 na kuanza kutumia kanuni za IFRS9 ili kutuwezesha kutambua na kupima zana za kifedha zinazofaa kwa vipindi vya fedha. Matokeo ya tathmini iliyofanywa mwaka 2017 yalionyesha kwamba jumla ya marekebisho yaliyokadiriwa (baada ya kodi) kwa kutumia IFRS 9, faida limbikizi ya Benki ya kufungulia mwaka tarehe 1 Januari 2018 itashuka kwa angalau 2%. Hii itasababisha kushuka kwa Uwiano wa Utoshelevu wa Mtaji wa Benki kwa angalau 0.1%.

Idara ya Mikopo itaendelea kufuatilia kwa karibu kitabu cha mikopo kwa kukamilisha ushughulikaji wake wakati ikizingatia kanuni zote zilizobainishwa pamoja na sera za ndani.



Ni jambo zuri kurudisha  
kitu kwa jamii na  
kuwawezesha kuwa na  
maisha bora.

**UENDELEVU NA WAJIBU**  
*WA KAMPUNI KWA JAMII*



### UWAJIBIKAJI WA KAMPUNI KATIKA JAMII

Kuwekeza na kuongoza katika jitihada za kusaidia binadamu vimefungamana katika biashara yetu ya msingi na vimeendelea kuwa lengo letu la msingi kwa mwaka 2017. Leo programu yetu ya CSR ina miradi mingi mbalimbali ambayo inajumuisha madaraja na makundi mbalimbali ya jamii. Mabadiliko tuliyoyafanya kwa miaka michache iliyopita ya kuwianisha muundo wetu wa uongozi na mtandao wa utendaji yameifanya CSR ya NMB kuwa jitihada thabiti zaidi. Kamati ya CSR imeandaa mifumo ya kuhakikisha kwamba mwitiko unabainishwa, unafanywa kuwa kipaumbele na kushughulikiwa katika njia inayofuata utaratibu.

Kama benki inayoongoza nchini Tanzania, tunatambua wajibu wetu katika jamii pana kwa kuwa raia wazuri na kwa kusaidia kufanya dunia yetu kuwa mahali pazuri kwa kutoa 1% ya Faida baada ya kulipa kodi kwa ajili ya kuboresha ustawi wa jamii. Mpango wetu wa CSR wa mwaka 2017 uliwiana na Mpango Mkakati wa 2020 na tunaendelea kuimarisha namna CSR ilivyosimamiwa na kuwasilishwa.

#### Matokeo Muhimu ya Mwaka 2017

Mwaka 2017, CSR ya NMB iliendelea kufanya shughuli zinazochangia katika ustawi wa kijamii na kiuchumi wa nchi. Tulitoa msaada kwa shughuli zinazojikita katika vipengele vitatu vya msingi vya Uwezo wa Kifedha, Elimu na Afya. Tunatoa kipaumbele kwa masuala ambayo ni muhimu zaidi kwa biashara yetu na wadau, pamoja na maeneo ambayo tunaweza kuleta matokeo makubwa zaidi.

#### ELIMU

##### Lengo la jumla:

Kusaidia kutengeneza mazingira sahihi kwa watoto na vijana ili waendeleo kupata elimu.

Mwaka 2017, NMB ilijitolea kusaidia jitihada za Serikali kutoa elimu bure kwa kufanya kazi kwa karibu na Ofisi ya Rais - Tawala za Mikoa na Serikali za Mitaa (TAMISEMI) ili kuendeleza dira ya kujenga mazingira bora ya kusomea. Katika kukamilisha dhamira hii, NMB ilitumia Sh. milioni 400 kuboresha mazingira ya kujifunzia kwa watoto nchini Tanzania kwa kutoa zaidi ya madawati 600 katika shule 80 za msingi na sekondari. Benki pia ilitoa vifaa vya kujifunzia kwa watu wenye ulemvu ili kuchangia kutengeneza hali nzuri kwa watoto na vijana kuendelea kupata elimu.

Katika kutambua umuhimu wa TEHAMA kama nyenzo ya kuboresha utoaji wa elimu, kompyuta zilizotumika 300 zilitengwa kusaidia shule za msingi na za sekondari nchini kote, Tanzania Bara na Zanzibar. Hadi kufikia mwishoni mwa mwaka, kompyuta 300 zilisambazwa katika shule za sekondari kama Aboud Jumbe, Mizengo Pinda, Igowelee, Kayanga, Mailisita, Mikanjuni Ally Hassan Mwinyi na nyingine nyingi nchi nzima. Kuongeza matokeo ya programu yetu ya msaada wa kompyuta, tumeanzisha mazungumzo na watoadata kwa ajili ya ushirikiano wa kuunganisha intaneti katika shule ambazo tunatoa kompyuta zetu. Benki bado ipo katika hatua ya mazungumzo ya awali na tunatarajia kuhitimisha ushirikiano huu mwaka 2018.

#### AFYA

##### Lengo la jumla:

Kusaidia afya na hali nzuri ya wateja wetu, wadau na jamii yetu kupitia utoaji wa seti kamili za vitanda vya hospitali, vitanda vya kujifungulia na vifaa vya akinamama na watoto wachanga.

Kuimarisha imani yake kwamba jamii yetu ni bora inapokuwa na afya njema na kupunguza tofauti ya vifaa katika vituo vya afya na hospitali, NMB ilitoa seti kamili za vitanda vya kawaida vya hospitali na vitanda vya kujifungulia. Jitihada hizi zinaendana pia na moja ya vipaumbele vya maendeleo ya Tanzania, ambacho ni utoaji wa huduma bora ya afya. Mwaka 2017, bajeti ya Sh milioni 300 ilitengwa kwa ajili ya kusaidia sekta ya afya. Pamoja na kiwango hiki cha fedha, hospitali 60 zilinfuika na seti kamili za vitanda vya hospitali na vitanda vya kujifungulia. Miongoni mwa hospitali zilizofuika ni Hospitali ya Chunya, Hospitali ya Mwanagawa, Hospitali ya Kilosa, Hospitali ya Katoro, Hospitali ya Nyange, na Hospitali ya Kibondo.

Katika ripoti ya Amref iliyotolewa mwaka 2017, ilibainika kwamba asilimia 66 ya uzazi hufanyika katika vituo na huduma za afya, japokuwa vingi kati ya vituo hivyo vya afya vina upungufu wa vitanda vya kujifungulia na vifaa vya kujifungulia ili kusaidia uzazi salama. Katika jitihada za kuimarisha huduma za afya na kuchangia katika kupunguza vifo vya mama na mtoto, NMB ilishirikiana na Amref kubainisha na kusaidia hospitali sita zilizoko katika maeneo ya pembezoni.



### UWEZO WA KIFEDHA

#### Lengo la jumla:

Kuwasaidia vijana kuelewa umuhimu wa kuweka akiba kupitia programu ya Wajibu.

Wajibu ni huduma ya kibenki kwa vijana inayokusudia kuwasaidia vijana kufikia hali nzuri ya kifedha kwa siku zijazo. Programu hiyo ilizinduliwa mwezi Julai 2016 ikiwa na maudhui ya elimu ya fedha kama kipengele cha msingi kinachokusudia kuwasadika vijana kuelewa umuhimu wa kutunza akiba kupitia vipindi vya Jifunze, Jipange na Wajibika. Benki imewekeza katika rasilimali mbalimbali kwa kila kundi la umri fulani ikijumuisha, bunguabongo, maudhui katika mtandao, programu za TV, kazi kwa vitendo na vipindi vya redio.

Kupitia idhaa tofauti vijana wanajifunza kuhusu utofauti wa vipengele vya fedha ikijumuisha uandaaji wa bajeti, mipango pamoja na kutofautisha kati ya mahitaji ya msingi na mahitaji ya matamano. Programu hizo pia zinawaelimisha vijana kuhusu kuweka akiba kwenye akaunti za benki kama vile kupitia akaunti tatu za Wajibu zinazotolewa na NMB (Mtoto Akaunti, Chipukizi Akaunti na Mwanachuo Akaunti). Hadi sasa, huduma ya Wajibu imewafikia zaidi ya vijana 23,000 Tanzania nzima. Ndani ya benki, zaidi ya wafanyakazi 600 wamejiandikisha kama wawezeshaji wa Wajibu ili kusaidia kuwasilisha vipindi hivyo shuleni.

Huduma ya Wajibu imetekelezwa kupitia ushirikiano kati ya NMB na Benki ya Wanawake Duniani (WWB). Mradi umefadhiliwa na FSD-Africa..

Zaidi ya programu za elimu zilizotajwa hapo juu, matukio ya muhimu yafuatayo yalifanyika chini ya jitihada hizi mwaka 2017:

- **Kampeni ya Wajibu:** tarehe 5 Desemba 2017, kampeni ya uhamasishaji kuitangaza "Wajibu" ilizinduliwa na Mhe. Ummu Mwalimu, Waziri wa Afya, Maendeleo ya Jamii, Jinsia, Wazee na Watoto. Tukio hilo lilirushwa katika Televisheni, redio, magazeti na majukwaa mengine ya kidijitali.
- **Mtoto Day Out:** Tarehe 9 Desemba 2017, NMB ilizindua tamasha la "Mtoto day out", ambalo lilikuwa mahsusi kwa ajili ya kufungua akaunti zinazowalenga watoto, wazazi na walezi. Zaidi ya watoto 200 walihudhuria tamasha hilo na tulifanikiwa kufungua akaunti 80 za Mtoto/Chipukizi. Tukio hilo pia lilitupatia fursa ya kuwaelimisha wazazi na walezi kuhusu huduma tunazotoa kwa vijana na programu za elimu kwa watoto.

### UOKOAJI KATIKA MAJANGA ASILIA

Mwaka 2017, Tanzania ilikabiliwa na majanga ya asili kadhaa, yaliyowaacha maelfu ya watu wakihitaji msaada. NMB ilitoa msaada kwa waathirika waliokumbwa na mafuriko wilayani Kilosa - Morogoro, Kipindupindu huko Zanzibar, na moto uliozuka wilayani Mugumu-Mara, miongoni mwa matukio mengine. Jumla ya Sh. milioni 90 zilitumika katika jitihada za kuzisaidia jamii zilizoathirika.


### USHIRIKI WA WAFANYAKAZI

NMB inajitahidi kuhakikisha kwamba wafanyakazi wote wanatambua wajibu wao wa kijamii na kwamba wanashiriki kikamilifu katika jitihada za CSR ili kuboresha ustawi wa jamii. Tunahamasisha jitihada za CSR pamoja na shughuli za biashara ili kila mfanyakazi ashiriki katika utekelezaji wake. Pamoja na ahadi zetu za kufanya kazi katika hali endelevu, jitihada za ushiriki wa wafanyakazi zimekuwa kipengele muhimu cha ushiriki wetu kwa jamii.

Kuwezesha ushiriki huu, tunawianisha michango ya wafanyakazi ya kiasi cha Sh. milioni 1. Tangia uzinduzi wake miaka miwili iliyopita, Programu ya Kuisaidia Jamii, pamoja na wafanyakazi wa NMB wamechangia zaidi ya Sh. milioni 400 kusaidia programu za kijamii. Zaidi ya wafanyakazi 3,200 (95%) wa NMB walishiriki katika jitihada za CSR, ambazo baadaye ziliongeza matokeo yetu na zimechochea lengo letu la kuwawezesha watu waliopo katika makundi yenye matatizo.

Kupitia programu ya CSR, tunapanga kuendelea kutoa msaada katika maeneo yetu matatu ya kipaumbele ya afya, elimu na uwezo wa fedha. Katika miaka inayokuja, tutapanua ushirikiano na watu binafsi pamoja na taasisi zinazofanya kazi katika maeneo hayo matatu tukiwa na matumaini ya kuwawezesha Watanzania zaidi kupitia masuluhisho ya kifedha yanayojitosheleza na endelevu.





Kanuni na maadili  
yatokanayo na maadili  
na viwango vya juu  
kabisa vya kitaaluma.

**UTAWALA** BORA



## Idara ya Udhibiti wa Athari

NMB Bank inaongozwa kwa mikakati na maadili yanayostahili kufuatwa na mtoa huduma za kifedha nchini. Hivyo mfumo imara wa Udhibiti wa Athari na Maridhiano unahitajika sana ili kuiwezesha benki kufikia malengo yake.

Mfumo wa NMB wa Udhibiti wa Athari na Maridhiano unafanywa kwa malengo makuu manne ambayo ni:

- Kulinda hadhi na utambulisho wake
- Kulinda faida na ukuaji
- Kudumisha uimara wa uwiano wa mizania
- Kuhakikisha taratibu zinazohitajika kitaifa na kimataifa zinazidhiwa na kutimizwa.

Utendaji wa benki kwa mwaka 2017 unaonyesha kuwapo kwa ukwasi thabiti na uwiano wa uwezo wa ziada wa kulipa madeni kwa mujibu wa kanuni na ukomo wa ndani. Kwa ujumla, tumevuka au tupo katika wastani wa uwiano wa misingi muhimu ya utendaji katika tasnia hapa Tanzania. Hata hivyo, mwaka 2017 haukukosa vikwazo kama ilivyobainishwa katika utendaji wa kitabu cha mikopo. Hali hii ilitokana na sababu mbalimbali mojawapo itaelezwa zaidi katika sehemu hii pamoja na maeneo mengine ya taarifa ya mwaka. Uwiano wa madeni chechefu ya msingi uliongezeka hadi kufikia asilimia 6.4 mwishoni mwa mwaka kutoka asilimia 4.8 mwaka uliotangulia.

NMB ilibadili mfumo wa Udhibiti wa Vihatarishi vya Shughuli za Biashara (Enterprise Risk Management) ili kuisaidia benki kutimiza malengo yake huku ikihakikisha kwamba vihatarishi na hali ya kubadilikabadilika havivuki ukomo wa viwango vya uhimilifu kama ilivyobainishwa katika Taarifa ya Kiwango cha Uthubutu cha benki.

Taarifa ya Kiwango cha Uthubutu cha NMB inafungana na bajeti ya mwaka ya benki, mchakato unaongozwa na mpango Mkakati wa Benki. Inatumika kama kinga ili kuhakikisha kwamba hatua zinazochukuliwa kila wakati na menejimenti na wafanyakazi katika shughuli za benki hazivuki viwango vilivyoruhusiwa vya vihatarishi ambavyo vitasababisha hasara ya nyenzo kwa benki. Mfumo wa ERM unatoa hakikisho lenye mantiki na sio hakikisho la moja kwa moja dhidi ya hasara za nyenzo.

Mkuu wa Idara ya Udhibiti wa Athari amepewa majukumu na Menejimenti pamoja na Bodi ya Wakurugenzi ya kuanzisha na kusimamia mfumo wa benki wa ERM. Tukio la kihistoria na mafanikio ya hivi karibuni kwa benki katika Udhibiti wa Athari na Maridhiano ni pamoja na kukamilika kwa utekelezaji wa miradi ya Basel II na IFRS 9, pamoja na kupata tena hati ya Sheria ya Kanuni ya Volker ya Maridhiano ya Kodi ya Hesabu za Nje (FATCA). Mafanikio mengine yanaweza kuonekana katika sehemu zijazo za taarifa ya vihatarishi ambayo inabainisha mambo muhimu katika Wasifu wa Udhibiti wa Athari NMB kwa mwaka 2017.

## Wasifu wa Udhibiti wa Athari NMB

NMB inabainisha athari kama jambo linaloweza kuwa na athari hasi katika thamani ya benki ambayo inaweza kujitokeza kutokana na utendaji wa matukio yaliyo ndani au nje ya baadaye. Dhana ya athari inajumuisha uwezekano ambao tukio linaweza na athari ambayo benki inaweza kupata, usawa au maadili. Misingi mikuu ya NMB kuhusiana na athari inaendana na ile iliyobainishwa na katika Mwongozo wa Udhibiti wa Athari wa Benki Kuu ya Tanzania na unajumuisha Athari za uendeshaji, Athari za Ukopaji, Ukwasi na Uwezekano wa Kulipa Madeni, Athari za Masoko, Athari za Maridhiano na Athari za Mikakati. Jedwali lifuatalo linarejelea wasifu wa udhibiti wa athari NMB na mchakato wa usimamizi wa athari.

Maelezo ya Aina Kuu za Athari	Wasifu wa Udhibiti wa Athari NMB	Hatua za Usimamizi wa Athari
<b>Athari za Ukopaji</b>  Kihatarishi ambacho mkopaji atashindwa kukidhi matakwa ya mkataba waliowekeana na NMB na kihatarishi ambacho dhamana ya mkopo iliyowekwa hailingani na anachodaiwa. Athari za ukopaji pia zinajumuisha kihatarishi kwa mwenza (upande wa pili), athari ya pamoja na athari ya maafikiano.	NMB ilikabiliana na baadhi ya vihatarishi vinavyoendana na mikopo, vikwazo ambavyo vilisababisha madeni chechefu mwishoni mwa mwaka 2017 kupanda hadi kufikia asilimia 6.4 kutoka asilimia 4.8 mwaka uliotangulia. NMB ina uwiano anuwai mzuri ukiwa na wasifu mdogo wa vihatarishi. Mikopo kwa umma inahusisha zaidi Wafanyakazi Wanaolipwa Mishahara (SWL), kukiwa na ongezeko la mikopo kwa taasisi kubwa na kampuni ndogo na za kati ambazo vihatarishi vyake ni vidogo.	Kuwajibika kwa umakini katika mikopo ni jambo muhimu sana kwa benki inayofanya kazi zake. Hii ina maanisha kuzingatia hali ya kifedha ya muda mrefu ya kila mteja, uwezo wa kurejesha na unyumbulikaji. Katika miaka ya karibuni, iliongoza katika kuanzisha mchakato wa kuboresha usili wake na ulipaji ikiwa ni pamoja na kuweka mfumo unaojiendesha wenyewe katika sehemu moja wa mchakato wa ulipaji. Muda wa kupata huduma utendaji vimeboreshwa. Kwa kupitia Idara ya Rasilimali Maalumu, NMB inashirikiana vyema na wateja wanaokabiliwa na matatizo ya kifedha yaliyo ndani ya uwezo benki pamoja na miongozo ya kikanuni. Usimamizi wa mikopo wa benki na shughuli zake nyingine zimekuwa katika hatua mbalimbali za kuimarishwa katika miaka ya karibuni.

Kihistoria, madeni chechefu ya NMB kwa ujumla yamekuwa katika kiwango cha chini cha wastani kwenye tasnia ya kibenki Tanzania. Vikwazo vya kitabu cha mikopo vilivyoshuhudiwa mwaka 2017 kwa kiwango kikubwa vilivyokana na suala la uhakiki wa watumishi wa umma pamoja na kiasi kidogo cha kampuni kubwa kushindwa kulipa mikopo yao kama ilivyokubaliwa katika mkataba

Hali ya kuwezesha ukopesaji imebainishwa kwa ufasaha katika kielelezo cha cha NMB cha Taarifa ya Kiwango cha Uthubutu na mfumo imara usimamizi wa mikopo katika ngazi mbalimbali za uidhinishaji unaohitajika kwa mikopo ya aina na ngazi mbalimbali.

Ngazi ya mwisho ya kufikia uamuzi wa utoaji wa mikopo ni Kamati ya Mikopo, pamoja na kamati nyingine za menejimenti zilizopo ambazo hupitia maombi ya mikopo midogo. Matawi pia yana hiari isiyoingiliwa ya kuidhinisha baadhi ya mikopo hadi kufikia ngazi fulani iliyowekwa ambayo inafuatiliwa ndani ya benki.

Maelezo ya Aina Kuu za Athari	Wasifu wa Udhhibiti wa Athari NMB	Hatua za Usimamizi wa Athari
<p><b>Athari za uendeshaji</b></p> <p>Athari za hasara zinazotokana na taratibu za ndani kutokutosheleza, makosa ya kibinadamu, makosa yanayotokana na mfumo au matukio ya nje. Athari za uendeshaji pia zinahusisha zile za kisheria na taarifa (k.m athari ya hasara inayotokana na kutokuwapa kwa taarifa zinazojitosheleza katika suala la usiri, usahihi na upatikanaji).</p>	<p>Wasifu wa Athari za Uendeshaji NMB upo thabiti. Athari za uendeshaji zinatokea katika biashara zote. Sio rahisi na hailipi kujaribu kuziondoa zote. Lengo la NMB ni kupunguza athari zinazojitokeza kutokana aina ya uendeshaji, mikakati, kiwango cha athari kinachoweza kubebwa na soko. Athari ndogondogo ni jambo la kawaida katika uendeshaji wa shughuli za benki. Benki inafanya kazi kwa umakini mkubwa kuepuka hasara kubwa na matukio na mambo hayo sio rahisi kutokea. Yanapotokea, benki inahakikisha kwamba ina kinga stahiki (bima) iliyopo tayari kukabiliana na aina yoyote ya hasara inayoweza kutokana na athari hizo. Katika dunia hii ambayo matumizi ya kidigitali yanaongezeka duniani, ni muhimu kwa NMB kujipanga dhidi ya athari za kimtandao na Menejimenti imejipanga vyema katika hili. Kupunguza athari za TEHAMA, ni muhimu kuhakikisha kwamba wafanyakazi wa benki wanakuwa na uelewa na kujipanga. Hatua zinachukuliwa katika utaratibu wa kila siku kuwajengea wafanyakazi na wateja uelewa kuhusu tishio la athari za kimtandao. Hatua zinazolenga kuendelea kuimarisha uendeshaji wa shughuli za TEHAMA ambazo pia ni malengo muhimu ya Menejimenti.</p> <p>Sera za kiusalama pia zinaboreshwa kadri mabadiliko ya matishio yanavyobadilika.</p>	<p>NMB ilibadili mfumo wa Udhhibiti wa Vihatarishi vya Shughuli za Biashara (ERM), ili kuweza kusimamia athari za namna mbalimbali ikiwamo za uendeshaji. Zifuatazo ni baadhi ya hatua ambazo benki inachukua katika mfumo wa ERM kudhibiti athari zake.</p> <p><b>Watu</b></p> <p>Katika eneo lolote linalotawaliwa na watu, athari za uendeshaji, kuhakikisha vipaji vibaki na uendelezaji kitaaluma, ni mambo ya msingi kama ilivyo mpango wa kuwarithisha watu muhimu majukumu. Menejimenti kupitia Idara ya HR ina sera madhubuti za kufikia haya. Benki pia ina mikakati imara ya kukabiliana na vitisho vya udanganyifu, viwe vya ndani au nje pamoja na Athari za Kisheria.</p> <p><b>Njia</b></p> <p>Benki ina sera zake za ndani katika kusimamia athari za uendeshaji na inafanya kazi kwa nguvu zake zote kuzuia kutokea kwa matukio hayo na hasara. Nyenzo za aina mbalimbali kwa ajili ya kupima zimeweka kama sehemu mojawapo ya mfumo wa ERM, ikiwamo Tathmini Binafsi ya Kudhibiti Athari (RCSA), kupima udhibiti na tathmini ya ukubalifu ya Njia ya Pili ya Utetezi (Second Line of Defense), pamoja na uchambuzi wa athari na utoaji wa ripoti wenye mwelekeo wa kuimarisha udhibiti. Hatua za kupunguza athari zinajadiliwa katika Kamati ya Menejimenti inayoshughulika na Athari (OPSCO), ambayo mwenyekiti wake ni mkuu wa Idara ya Udhhibiti wa Athari. Benki pia ina nyenzo za kufanya tathmini ya udhibiti katika misingi endelevu pamoja na mabadiliko makubwa katika uendeshaji na utoaji wa bidhaa. Aidha, Kamati ya Athari za Kisheria kila mara inapitia na kufuatilia Athari mbalimbali za Kisheria za benki.</p> <p><b>Mifumo</b></p> <p>Kupitia Mpango Endelevu wa Biashara (BCP) benki imejiandaa kupunguza athari za matukio haraka iwezekanavyo na pale yanapotokea. NMB pia ina sera za ndani zinazobainisha namna ya kulinda taarifa. Kwa kuzingatia vigezo bora vya kimataifa na viwango pamoja na tathmini yetu wenyewe ya tishio la athari, tunatoa ulinzi stahiki kwa aina mbalimbali za taarifa na mifumo.</p>



Maelezo ya Aina Kuu za Athari	Wasifu wa Udhibiti wa Athari NMB	Hatua za Usimamizi wa Athari
<p><b>Athari za Maridhiano</b></p> <p>Athari za Maridhiano ni ile ambayo ipo au inayotarajiwa katika mapato, mitaji na sifa njema inayopatikana kutokana na uvunjaji wa sheria au kutokuwapo kwa maridhiano ya kisheria, utawala, kanuni, makubaliano, utendaji ulioshauriwa au kipimo cha maadili pamoja na kutokana na fasiri isiyo sahihi ya sheria au kanuni husika.</p> <p>Taasisi zipo katika hatari ya kuingia kwenye athari ya Maridhiano kutokana na uhusiano na baadhi ya wadau k.m wadhibiti, wenza, pamoja na mamlaka za kodi, mamlaka za Serikali za Mitaa na mawakala wengine waliothibitishwa.</p>	<p>Kwa ukubwa na umuhimu wake kama kiongozi katika soko la sekta ya kibenki Tanzania, NMB haiwezi kukubali kuwa benki ambayo haina kanuni za maridhiano na udhibiti. Kwa mujibu wa Taarifa ya Utayari wa kukabiliana na Athari, kila wakati NMB itapambana kuhakikisha kwamba inakuwa mfano na kusimamia kikamilifu hatari inayoweza kuathiri hadhi yake kwa kuzingatia sheria zote zilizotajwa na Jamhuri ya Muungano wa Tanzania pamoja na Benki Kuu ya Tanzania na kanuni za kimataifa. NMB kila mara itahakikisha inalinda uhusiano wake na wadau mbalimbali wakiwamo wateja, wenza, mamlaka za kodi, Serikali za Mitaa na mawakala wengine waliothibitishwa. Hatua zinazochukuliwa na Menejimenti katika suala lolote pia zitazingatia maadili ya NMB.</p>	<p>Athari ya Maridhiano kwa kiasi kikubwa inasimamiwa na ilibadili mfumo wa Udhibiti wa Vihatarishi vya Shughuli za Biashara (ERM), kama vile, Mfumo Mpya wa Uidhinishaji wa Bidhaa (NPAP), lakini pia sehemu ya kuwaunganisha wateja waliomo na mchakato wa kupima bidii (KYC na CDD). Masuala yanayohusiana na maridhiano na malalamiko yanaelekezwa katika Kamati ya Uendeshaji (OPSCO) na Kamati nyingine za Menejimenti na kwa kiasi kikubwa zinamalizwa ndani ya mfumo wa benki wa ERM. NMB ina Idara madhubuti ya Maridhiano inayosimamiwa na Mkuu wa Maridhiano ambaye pia ni Ofisa wa Benki anayepokea Taarifa Chafu. NMB ina vifaa na uwezo wa kuchukua hatua mbalimbali kuzuia miamala inayotiliwa shaka na matukio ya yanayotiliwa shaka ya fedha chafu. Uchunguzi wa miamala inayotiliwa shaka na walioidhinisha na vyombo vyao unafanyika kila wakati.</p>
<p><b>Ukwasi na Uwezekano wa Kulipa Madeni</b></p> <p>Athari ya Ukwasi ni ile ambayo benki inashindwa kutimiza wajibu wake wa kulipa madeni yanapopevuka. Athari ya Ukwasi inatokea kwa sababu muundo wa kupevuka kwa rasilimali na madeni ya mizania haviendani. Athari ya uwezo wa kulipa madeni ni ile ambayo benki inashindwa kufikia kiwango cha chini cha mtaji kinachotajika kinapopimwa na aina mbalimbali za Athari Uzito wa Mtaji (Risk Weighted Assets), kama inavyotakiwa na Benki Kuu ya Tanzania na sheria na kanuni nyingine za benki za kimataifa.</p>	<p>Athari za ukwasi NMB ni ndogo. Benki ina ukwasi wa akiba unaoihakikishia unyumbulifu inapotokea tatizo lolote. Akiba hiyo ni pamoja na salio lililopo Benki Kuu na dhamana zenye thamani kubwa ambazo zinaweza kuahidiwa kwa Benki Kuu au kuhamishwa ndani ya muda mfupi sana. Pia NMB inafuatilia kwa karibu pengo kati ya kupevuka kwa fedha zake sambamba na kupevuka kwa mitaji yake.</p> <p>Athari ya Uwezo wa Kulipa Madeni kwa NMB ni ndogo na hilo linabainishwa na kiwango cha akiba cha Athari ya Uzito wa Mtaji wa Benki ambacho kimezidi kiwango cha chini cha kikanuni cha asilimia 14.5.</p>	<p>Athari ya Ukwasi NMB ni jambo linalosimamiwa kila siku na Idara ya Fedha kwa uangalizi wa karibu wa Ofisi ya Kati (Timu ya Athari ya Masoko). Zana kadhaa zinatumiwa kudhibiti aina hii ya athari k.m ukomo wa mfumo, mamlaka ya muuzaji n.k. pia kuna ufuatiliaji wa karibu na kubaini viashiria vya ukwasi katika taarifa ya mwezi ya Kamati ya Rasilimali na Madeni (ALCO).</p> <p>Athari ya Uwezo wa Kulipa inafuatiliwa kwa karibu na ALCO na Kamati nyingine muhimu za Menejimenti.</p>

Maelezo ya Aina Kuu za Athari	Wasifu wa Udhibiti wa Athari NMB	Hatua za Usimamizi wa Athari
<p><b>Athari za Masoko</b></p> <p>Athari za Masoko ni hasara inayopatikana ndani au nje ya mizania ikiwa ni matokeo ya hali mbaya ya mabadiliko ya bei katika soko k.m. viwango vya riba, viwango vya kubadilisha fedha za kigeni, usawa katika bei na bei za bidhaa. Athari za masoko zipo katika vitabu vya biashara na benki. Vitabu vya benki vinajumuisha nafasi katika vyombo kifedha na bidhaa iliyopatikana ama kwenye dhamira ya kibiashara au kukwepa hasara ya mambo mengine ya kitabu cha biashara.</p>	<p>Athari ya Masoko kwa NMB ni ndogo. Athari kubwa ni ile ya muundo au asili na kuihusisha athari za viwango vya riba ambazo zinajitokeza ikiwa ni asili ya biashara mama ya benki. Athari ya Masoko katika NMB pia imewekwa kwenye kiwango cha chini kutokana na kutokuwapo kwa vitabu vya biashara (Mwaka 2017, benki ilianza maandalizi ya Kitabu cha Biashara kwa kuanzia 2018).</p>	<p>Athari ya Masoko katika NMB ni jambo linalosimamiwa kila siku na Idara ya Fedha kwa uangalizi wa karibu wa Ofisi ya Kati (Timu ya Athari ya Masoko). Zana kadhaa zinatumiwa kudhibiti aina hii ya athari k.m ukomo wa mfumo, mamlaka ya muuzaji n.k. pia kuna ufuatiliaji wa karibu na kubaini viashiria vya ukwasi katika taarifa ya mwezi ya Kamati ya Rasilimali na Madeni (ALCO).</p>
<p><b>Athari za Mikakati</b></p> <p>Athari za mkakati ni ile ambayo ipo au inayotarajiwa katika mapato, mitaji na sifa njema au msingi mzuri wa kitaasisi unaoibuka kutoka kwenye uamuzi mbaya wa biashara, utekelezaji wa maamuzi usiofaa, au kukosekana kwa mwitikio katika tasnia, mabadiliko ya kiuchumi au kiteknolojia. Athari hii ni kazi ya utangamano ya mikakati ya taasisi, mkakati wa biashara uliandaliwa kufikia malengo haya, rasilimali zilizowekezwa kufikia malengo haya na ubora katika utekelezaji.</p>	<p>Kwa NMB, athari ya mkakati inaangaliwa katika nafasi ya inayofaa ya utekelezaji. NMB ina Mpango wa Muda wa Kati (MTP) ambao unaitaka kutimiza majukumu katika maeneo kadhaa ya kifedha na malengo ya ukuaji. Mawazo na malengo haya mara kwa mara yanathaminiwa upya na kuhuishwa kuendana na mabadiliko ya hali ya masomo na maendeleo, na pale inapokuwa lazima marekebisho mapya yanafanyika ipasavyo.</p>	<p>Athari za Mkakati katika NMB ni jambo la kipaumbele kwa Menejimenti na Bodi. Benki inalenga katika kutimiza Mipango yake ya Muda wa Kati lakini pia mara kwa mara kuangalia upya baadhi ya mawazo yake kuendana na hali ya soko na maendeleo. Vikao vya Kawaida vya Mikakati ya Athari vinavyoongozwa na Mkuu wa Idara ya Athari vinafanyika katika ngazi ya Menejimenti na Bodi na vinahudhuriwa na wajumbe wote muhimu wa Menejimenti wakiongozwa na Mkurugenzi Mtendaji.</p>

### PROF. JOSEPH SEMBOJA MWENYEKITI WA BODI



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 kwanza na ya uzamili (BA na MA) kutoka Chuo Kikuu cha Dar es Salaam, shahada ya uzamili ya sayansi na shahada ya uzamivu (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 MKURUGENZI MTENDAJI

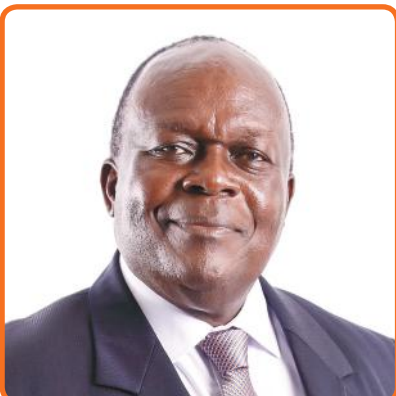
Bi. Bussemaker alianza majukumu yake kama Mkurugenzi Mtendaji wa benki ya NMB Mei, 2015.

Ana uzoefu wa zaidi ya miaka 30 katika masuala ya benki akiwa ameshika nyadhifa mbalimbali za juu katika huduma za kibenki kwa wateja wakubwa, miamala ya biashara za kibenki kwa mtandao (e-Business) katika benki za Citigroup, ABN AMRO na Rabobank. Ameishi na kufanya kazi katika nchi za Uholanzi, Denmark na Uingereza.

Bi. Bussemaker ana Shahada ya Uzamili ya Utawala katika Biashara na Teknolojia ya Mawasiliano na Shahada ya Kwanza ya Hesabu.



### PROTASE TEHINGISA MKURUGENZI WA BODI



Bwana Protase Tehingisa ni mtalaamu wa sheria za uwekezaji wa makampuni. Amewahi kuwa Katibu/Mwanasheria Mfawidhi katika Benki ya Maendeleo ya Afrika Mashariki (EADB).

Kabla ya hapo alikuwa Mwanasheria wa Serikali katika ofisi ya Mwanasheria Mkuu wa Serikali na pia alishawahi kuwa Mshauri katika Chama cha Wanasheria Tanzania.

Bw. Tehingisa ana Shahada ya Sheria kutoka Chuo Kikuu cha Dar es Salaam na Diploma ya Usimamizi wa Kimkakati kutoka Ashridge Management Institute, Uingereza.

### ALBERT JONKERGOUW MAKAMU MWENYEKITI

Bwana Albert Jonkergouw ana uzoefu wa zaidi ya miaka 20 katika shughuli za kibenki za wateja wadogo na wakubwa kimataifa na ndani ya Rabobank, Uholanzi.

Ana shahada mbili za uhasibu na ukaguzi wa mahesabu na ni mjumbe wa NOREA (Netherlands Order of Registered IT Auditors) na Taasisi ya Afrika ya kusini ya uhasibu (South African Institute of professional Accountants (IPA).

Pia ni mjumbe wa programu ya bodi ya chuo kikuu cha biashara cha Nyenrode. Kwa sasa, Bwana Jonkergouw ni Mkurugenzi mkuu wa Achmea Afrika nchini Kenya.



### MARGARET IKONGO MKURUGENZI WA BODI



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

Alikuwa Mkurugenzi Mtendaji wa Shirika la Bima la Taifa kwa zaidi ya miaka 10. Pia amewahi kuwa mkurugenzi wa bodi katika kampuni mbalimbali za Bima. Kwa sasa ni mshauri wa kujitegemea katika masuala ya Bima.

Bi. Ikongo ana Diploma ya Uzamili ya Usimamizi wa Fedha kutoka Chuo Cha Usimamizi wa Biashara (IFM) na Shahada ya Uzamili wa Utawala wa Biashara katika Fedha kutoka Chuo Kikuu Huria cha Tanzania (OUT).

### JOS VAN LANGE MKURUGENZI WA BODI

Bwana Jos Van Lange ni Mchumi kitaaluma na kwa sasa ni msimamizi wa kujitegemea na mshauri katika taasisi mbalimbali za kibenki, bima, afya na elimu.

Aliwahi kuwa Mkurugenzi Mtendaji wa Rabo Real Estate Group, ambayo ni kampuni ya kimataifa ya mali zisizohamishika ya Rabo, na mkurugenzi wa kitengo cha huduma kwa wateja wadogo cha Rabobank ya Uholanzi.

Bwana Van Lange alihitimu Shahada ya Uchumi (cum laude) kutoka Chuo Kikuu cha Tilburg, Uholanzi. Pia ni mhitimu wa programu ya wasimamizi kutoka Chuo Kikuu cha Erasmus Rotterdam, Uholanzi.





### MATHIAS MAGWANYA

MKURUGENZI WA BODI



Bwana Mathias C. Magwanya ana uzoefu wa miaka 20 katika ukaguzi wa hesabu na amefanya kazi mbalimbali za upembuzi yakinifu.

Ana Shahada ya Kwanza ya Biashara katika Uhasibu kutoka Chuo Kikuu cha Dar es Salaam na Shahada ya Uzamili ya Usimamizi wa Biashara kutoka Chuo Kikuu cha Mzumbe.

Hivi sasa ni Mkaguzi Mkuu wa Hesabu za Ndani wa TANROADS na ni mwanachama wa Taasisi ya Wakaguzi wa Hesabu za Ndani – Tanzania. Bwana Magwanya aliteuliwa na Serikali ya Tanzania kujaza nafasi iliyoachwa wazi na Mike Laiser Novemba 8, 2017.

### LEONARD MUSUSA MKURUGENZI WA BODI

Bwana Leonard ni Mshauri Mwelekezi wa Masuala ya Utawala akiwa na uzoefu mkubwa katika shughuli za utawala ikiwamo upembuzi yakinifu, uthaminishaji biashara na utoaji wa huduma za 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, Uhuru wa kiweledi na Ubora katika Soko la PwCAfrika Mashariki likijumuisha nchi sita.

Ni mwanachama wa Bodi ya Kimataifa ya Wahasibu (FCCA) na Bodi ya wahasibu ya Tanzania.



### LILIAN R. KOMWIHANGIRO

KATIBU WA KAMPUNI NA MWANASHERIA MKUU



Bi. Lilian R. Komwihangiro ni Katibu wa Kampuni na Mwanasheria Mkuu wa NMB.

Ana Shahada ya Kwanza 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 na ni Wakili wa Mahakama Kuu ya Tanzania.

Kabla ya kujiunga na NMB alishawahi kuwa Ofisa Mwanasheria kwenye ofisi mbalimbali zikiwamo Maajar, Rwechungura & Kameja Advocates, FK Law Chambers na pia aliwahi kuwa mwanasheria mshauri wa PricewaterhouseCoopers.

## 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, kuonesha ujasiri wa kibiashara, uadilifu na kutoa maamuzi kwa kuzingatia uwazi, haki, uwajibikaji na majukumu.

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

### WAJUMBE

Mwaka 2017 Bodi ya Wakurugenzi ilikuwa na wajumbe saba 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.

### KUJIUZULU

Kwenye Mkutano Mkuu wa Mwaka uliofanyika Juni 2017, Wakurugenzi Joseph Semboja na Margaret Ikongo waliwasilisha maombi yao kujiuzulu kwenye Bodi baada ya kumaliza muda wao. Wote wawili waliteuliwa kuwa wakurugenzi tena. Mkurugenzi William Mlaki alistaafu baada ya kutimiza miaka 70. Mkurugenzi Protase Tehingisa ambaye alitimiza miaka 70 tarehe 24 Mei 2017 alipitishwa kumalizia kipindi chake cha mwaka moja uliyokuwa umebaki kama Mkurugenzi kwenye Bodi ya NMB.

### VIKAO VYA BODI

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

Mwaka 2017 Bodi na kamati zake zilikutana kujadili na kuamua maswala na shughuli za kibiashara. Kamati za Bodi zinafanya kazi kwa niaba ya Bodi kuielekeza 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 imeoneshwa kwenye mabano:

- Bodi ya Wakurugenzi (12)
- Kamati ya Wakurugenzi watendaji (4)
- Kamati ya Bodi ya Ukaguzi na Usimamizi (10)

- Kamati ya Bodi ya Rasilimali Watu na Mishahara (5)
- Kamati ya Bodi ya Mikopo (10)

Wajumbe wa Bodi ya Wakurugenzi na kamati zilizohusika hadi kufikia tarehe 31 Desemba 2017 ni kama ilivyoonyeshwa kwenye jedwali hapa chini:

S/No.	Jina	Bodi Kuu	Kamati ya Bodi ya Wakurugenzi Watendaji	Kamati ya Bodi ya Ukaguzi na Usimamizi	Kamati ya Bodi ya Mikopo	Kamati ya Bodi ya Rasilimali Watu na Mishahara
1.	Joseph Semboja	Mwenyekiti	Mwenyekiti			
2.	Leonard Mususa	Mjumbe		Mjumbe	Mjumbe	
3.	Albert Jonkergouw	Mjumbe	Mjumbe		Mjumbe	Mjumbe
4.	Jos van Lange	Mjumbe		Mwenyekiti		
5.	Mathias Magwanya	Mjumbe	Mjumbe			Mjumbe
6.	Protase Tehingisa	Mjumbe			Mjumbe	Mjumbe
7.	Margaret Ikongo	Mjumbe		Mjumbe		Mwenyekiti
9.	Ineke Bussemaker (MD) (anahudhuria vikao vyote)					

## 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.

## MAFUNZO

Mafunzo yanatolewa ili kuhakikisha kwamba Bodi inakwenda sambamba na mabadiliko yaliyopo sokoni. Mwaka 2017, Warsha ya Mkakati wa Kudhibiti Athari ilifanyika ambapo Wakurugenzi walijadili Taarifa ya Kiwango cha Uthubutu, Mikakati ya Msingi ya Udhhibiti wa Athari na Viashiria. Katika kikao tofauti, upimaji wa msongo ulijadiliwa pia pamoja na maendeleo ya Teknolojia ya Habari.

## 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.

### 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 nimuhimu katika utawala bora. Kutokana na machapisho ya taarifa zake za kifedha, kampuni kwa kuwashirikisha wawekezaji itawasilisha matokeo na kujibu maswali kwa kadiri yatakvayoulizwa.

Wanahisa wanashauriwa kuhudhuria Mkutano Mkuu wa Mwaka utakaofanyika Jumamosi tarehe 2 Juni 2018 katika ukumbi wa Julius Nyerere Convention Centre, Dar es Salaam na washiriki kwa ustawi wa kampuni.





Mahitaji  
ya kipekee  
yanahitaji suluhisho  
la kipekee. Kwa NMB  
tunaamini katika kutoa  
suluhisho kulingana na  
malengo kwa mahitaji  
yako binafsi ya  
kibenki.

**TAARIFA ZA KAMPUNI**

### INEKE BUSSEMAKER MKURUGENZI MTENDAJI

Bi. Bussemaker alianza majukumu yake kama Mkurugenzi Mtendaji wa benki ya NMB mwezi Mei, 2015.

Ana uzoefu wa zaidi ya miaka 30 katika masuala ya benki akiwa ameshika nyadhifa mbalimbali za juu katika huduma za kibenki kwa wateja wakubwa, miamala ya biashara za kibenki kwa mtandao (e-Business) katika benki za Citigroup, ABN AMRO na Rabobank. Ameishi na kufanya kazi katika nchi za Uholanzi, Denmark na Uingereza.

Bi. Bussemaker ana Shahada ya Uzamili ya Utawala katika Biashara na Teknolojia ya Mawasiliano na Shahada ya Kwanza ya Hesabu.



### PETE NOVAT

#### AFISA MWENDESHAJI MKUU KAIMU AFISA MKUU WA RASILIMALI WATU



Pete Novat alijiunga na NMB Bank kama Afisa Mkuu wa TEHAMA na Operesheni mwaka 2013 akiwa na jukumu la kusimamia uendeshaji wa benki ya NMB, huduma shirikishi na teknolojia. Pete ana uzoefu wa muda mrefu katika masuala ya huduma za kifedha, akiwa amefanya kazi katika tasnia hiyo tangu mwishoni mwa miaka ya 1990.

Kabla ya kujiunga na NMB alifanya kazi kwa miaka tisa katika Benki ya NBC akisimamia timu ya wataalamu wa teknolojia. Aidha, Pete ni Kaimu Ofisa Mkuu wa Rasilimali Watu (HR) tangu Machi 2017 akiongoza wataalamu wa Rasilimali watu katika majukumu ya uajiri, maendeleo ya uongozi, mafunzo, fidia, mafao, ushirikishwaji

anuwai, pamoja na uhusiano wa wafanyakazi takriban 3,400.

Pete ana uzoefu wa zaidi ya miaka 12 katika uongozi wa taasisi kubwa, usimamizi wa programu, usimamizi wa miradi mikubwa na masuala ya kibenki na miaka saba kati ya hiyo, amekuwa katika ngazi ya juu ya menejimenti. Ana Shahada ya kwanza ya sayansi ya Umeme na Mawasiliano kutoka Chuo Kikuu cha Dar es Salaam (UDSM) na Cheti cha Programu ya Maendeleo ya Uongozi (PMD) kutoka Taasisi ya Biashara na Sayansi (GIBS), Afrika Kusini.

### AZIZ CHACHA MWEKA HAZINA

Aziz Chacha alijiunga na NMB Bank kama Mtunza Fedha wa Benki mwezi Septemba, 2011 akitokea benki ya Barclays Tanzania ambapo alikuwa anafanya kazi kama Mtunza fedha. Ni mhitimu wa Chuo Kikuu cha Inoorero Kenya na kwa sasa hivi ni Mjumbe wa Kamati ya Masoko ya Kifedha katika Chama cha Watoa Huduma za Benki Tanzania (TBA). Pia ana ujuzi mkubwa wa mambo ya usimamizi wa fedha, Teknolojia ya Hazina, masoko ya mitaji, mipango ya bajeti za kitaasisi na mizania na ni mwanachama aliyedhibitishwa wa masoko ya Hisa (ACI) yenye makao makuu yake Ufaransa.





### **TOM BORGHOLS**

AFISA MKUU WA MIKOPO



Tom Borghols ni afisa Mkuu wa Mikopo NMB Bank PLC akiwajibika na Mikopo, Rasilimali Maalumu na kituo kipya kilichoanzishwa na benki cha mikopo ambacho kinasimamia utaratibu mzima wa mikopo.

Tom ana zaidi ya miaka 30 ya kufanya kazi katika benki, amefanya kazi na Benki ya ABN AMRO, Benki ya Fortis na Rabobank. Katika kazi hiyo, amewahi kushika nafasi mbalimbali kwenye maeneo ya biashara na udhibiti wa athari, kwenye upande wa kuhudumia wateja wakubwa na wateja wa rejareja.

Alianzia ngazi ya Meneja Uhusiano akapanda mpaka kuwa Meneja wa Tawi na baadaye Meneja Mkazi. Tom alianza shughuli za kibenki nchini Uholanzi baadaye akahamia Curacao kwenye Visiwa vya Caribbean, kabla ya kwenda Kenya, Rwanda na Zambia. Kabla ya kujiunga na NMB Bank miaka mitano iliyopita, alifanya kazi Bank Populaire du Rwanda na baadaye aliteuliwa kuwa Mkurugenzi wa Udhibiti wa Athari wa Benki ya Taifa ya Biashara Zambia (ZANACO). Tom ana shahada ya Uzamili ya Sheria za Kimataifa.

### **RICHARD MAKUNGWA**

AFISA MKUU WA WATEJA WAKUBWA NA SERIKALI

Richard Makungwa alijiunga na NMB Bank PLC akiwa Mkuu wa huduma kwa Wateja Wakubwa mwaka 2006 na mwaka 2014 akateuliwa kuwa Afisa Mkuu wa Wateja wakubwa.

Kabla ya hapo alifanya kazi Citibank Tanzania na Benki ya CRDB alikoshika nafasi mbalimbali katika idara za Huduma kwa Wateja, uendeshaji na Huduma kwa Wateja Wakubwa ambako alijipatia uzoefu mkubwa.

Makungwa ni muhitimu wa shahada ya kwanza na ya uzamili ya Biashara zote kutoka Chuo Kikuu cha Dar es Salaam (UDSM). Pia ana shahada ya kwanza ya Sheria kutoka Chuo Kikuu cha Tumaini.



### ABDULMAJID NSEKELA

KAIMU AFISA MKUU WA WATEJA WADOGO NA WA KATI



Abdulmajid ni mtaalamu wa masuala ya kibenki mwenye uzoefu wa zaidi ya miaka 20 katika tasnia ya kibenki kwa wateja wadogo na wa kati. Kiongozi mbunifu katika uendelezaji bidhaa, amejitokea rekodi nzuri ya ubunifu wa masuluhisho mbalimbali ya huduma za kibenki.

Alijiunga na NMB mwaka 2008 akiwa Meneja Mwandamizi wa Huduma kwa Wateja Binafsi. Alipandishwa cheo kuwa Mkuu wa Kitengo cha Wateja Binafsi mwaka 2013 na mwaka 2015 aliteuliwa kuwa Kaimu Ofisa Mkuu wa Kitengo cha Wateja Wadogo na wa Kati.

Abdulmajid ana hazina kubwa ya uzoefu inayotokana na kufanya kazi katika idara mbalimbali za kibenki. Kabla ya kujiunga na NMB, 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 Abdulmajid alisoma Shahada ya Kwanza katika Chuo cha Usimamizi wa Fedha akibobea katika masuala ya kibenki.

### SAIF AHMED

AFISA MKUU WA BIASHARA YA KILIMO

Saif Ahmed ana uzoefu wa zaidi ya miaka 24 katika huduma za kibenki kwa wateja wakubwa na SME; Huduma za Uwekezaji wa Kibenki, biashara na biashara ya Kilimo, FMCG na Ushauri katika Afrika Mashariki na Magharibi, Asia na Ulaya.

Pia ni mjumbe wa Kamati ya Ushauri wa Kiufundi katika vyama mbalimbali vyenye shughuli zinazohusiana na masuala ya kibenki na biashara ya kilimo zikiwamo taasisi zisizo za kiserikali za kitaifa na kimataifa.

Kabla ya kujiunga na NMB Bank PLC mwaka 2016, Saif alifanya kazi katika Benki ya Equity Ltd ya Kenya akiwa Meneja Mkuu wa Biashara ya Kilimo katika nchi sita za Afrika Mashariki. Ana historia ndefu katika minyororo mbalimbali ya biashara ya kilimo kama vile chai, kahawa, matunda, mbogamboga nk. ana shahada ya kwanza ya uhasibu na uchumi na shahada ya uzamili (MBA) katika fedha na usimamizi wa biashara ya kilimo kutoka India na cheti cha biashara ya kilimo kutoka Shule ya Masomo ya Fedha Kenya.



### KAMATI YA UTENDAJI

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

### KAMATI YA MALI NA DHIMA

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

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

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

### KAMATI YA USIMAMIZI WA VIHATARISHI NA UTIMILIFU

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

### KAMATI YA NIDHAMU

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

### KAMATI YA USIMAMIZI WA ZABUNI

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

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

### KAMATI YA VIHATARISHI VYA KIUTENDAJI

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

### KAMATI YA KUIDHINISHA HUDUMA NA TARATIBU ZA KIBENKI

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

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



# TAARIFA YA MKUTANO MKUU WA MWAKA 2018

## TAARIFA YA MKUTANO MKUU WA 18 WA WANAHISA WA BENKI YA NMB

Taarifa inatolewa kwamba Mkutano Mkuu wa 18 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 2, 2018.

Agenda itakuwa kama ifuatavyo:

- 18.1 MATANGAZO NA AKIDI
- 18.2 KUPITISHA AJENDA ZA MKUTANO
- 18.3 KUTHIBITISHA KUMBUKUMBU ZA MKUTANO MKUU WA 17 ULIOFANYIKA JUNI 3, 2017
- 18.4 YATOKANAYO NA MKUTANO WA 17 WA WANAHISA
- 18.5 KUPOKEA, KUJADILI NA KUPITISHA RIPOTI YA WAKURUGENZI NA TAARIFA ZA FEDHA KWA MWAKA ULIOISHIA DISEMBA 31, 2017
- 18.6 KUIDHINISHA GAWIO KWA MWAKA ULIOISHIA DISEMBA 31, 2017
- 18.7 KUPOKEA NA KUIDHINISHA MALIPO YA WAKURUGENZI
- 18.8 KUTEUA WAKURUGENZI
- 18.9 KUPOKEA NA KUTHIBITISHA UTEUZI WA WAKAGUZI WA HESABU KWA MWAKA UNAOMALIZIKA DISEMBA 31, 2018
- 18.10 MENGINEYO

## 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 zilizvorenkebishwa. Fomu ya uwakilishi lazima iwasilishwe kwenye ofisi iliyosajiliwa ya Kampuni kabla ya saa 4 Asubuhi Ijumaa Juni 1, 2018.
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 64 kwa kila hisa, inayoleta jumla ya shilingi 32 bilioni kutokana na faida ya mwaka 2017.

## TAREHE ZA KUZINGATIA:

Tarehe ya tangazo:	- Mei 4, 2018
Hisa kuuzwa pamoja na gawio :	- Mei 4, 2018
Mwisho wa hisa kuuzwa pamoja na gawio :	- Mei 24, 2018
Hisa kuanza kuuzwa bila gawio:	- Mei 25, 2018
Daftari la wanahisa kufungwa:	- Mei 29, 2018 Malipo ya gawio kwa wanahisa: kuanzia tarehe - Juni 14, 2018

Kwa amri ya Bodi ya Wakurugenzi,



LILIAN R. KOMWIHANGIRO  
COMPANY SECRETARY

MEI 11, 2018

## TAARIFA YA MKUTANO MKUU WA MWAKA 2018

### 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 NANE WA MWAKA wa kampuni  
utakaofanyika kwenye ukumbi wa Julius Nyerere Convention Centre, Dar es Salaam siku ya Jumamosi tarehe Juni 2, 2018, hata  
katika kuahirishwa kwake.

Imesainiwa tarehe \_\_\_\_\_ siku ya \_\_\_\_\_ 2018

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.*



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

### 1. KUPITIA TOVUTI YA NMB

<http://www.nmbtz.com>

### 2. KWA POSTA:

Unaweza kutuma maelezo yako kwa siri kwa Mkurugenzi Mtendaji:

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

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

### 3. KUPITIA BARUA PEPE:

[whistleblowing@nmbtz.com](mailto: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



Tunaamini katika uwekezaji  
bora unaojali thamani ya  
fedha na uwazi wa hali ya juu.

**TAARIFA** *KUHUSU HESABU*



## 1. INTRODUCTION

The Directors submit their report together with the audited financial statements for the year ended 31 December 2017, which disclose the state of affairs of NMB Bank Plc (the "Bank") and its subsidiary Upanga Joint Venture Company Limited (together, the 'Group').

## 2. INCORPORATION

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

## 3. VISION

To be the preferred financial services partner in Tanzania.

## 4. MISSION

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

## 5. PRINCIPAL ACTIVITIES

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

The Bank is a full service commercial bank incorporated in the United Republic of Tanzania. It is engaged in taking customer deposits, providing credit facilities and offering other commercial banking services. Through its four main business divisions: Retail, Wholesale, Agribusiness and Treasury, NMB provides a suite of financial services and products to retail customers, farmers, small businesses, Corporates, institutions and the Government. The Bank has over 200 branches and more than 700 ATMs across the country and is present in 98% of all Government districts. NMB has over TZS 2.5 million customers and employs about 3,400 staff. The Bank is listed on the Dar es Salaam Stock Exchange in Tanzania.

## 6. DIRECTORS

The Directors of the Bank who were in the office since 1 January 2017 to the date of this report are: -

No	Name	Position	Date of Birth	Nationality	Qualification/ discipline	Date of appointment
1	Prof. Joseph Semboja	Chairman	24 April 1951	Tanzanian	Economist	Re-appointed on 3 June 2017
2	Albert Jonkergouw	Member	26 January 1958	Dutch	Auditor	Re-appointed on 7 June 2014
3	Jos van Lange	Member	06 June 1956	Dutch	Economist/Banker	Re-appointed on 4 June 2016
4	Leonard Mususa	Member	25 September 1953	Tanzanian	Certified Public Accountant	Appointed on 6 June 2015
5	Margaret Ikongo	Member	08 June 1957	Tanzanian	Chartered Insurer	Re-appointed on 3 June 2017
6	Protase Tehingisa	Member	24 May 1947	Tanzanian	Lawyer	Re-appointed on 6 June 2015
7	William Mlaki	Member	09 January 1947	Tanzanian	Economist/Banker	Retired on 3 June 2017
8	Mike Laiser	Member	28 December 1948	Tanzanian	Enterprise Development Economist	Resigned on 8 November 2017
9	Mathias Magwanya	Member	3 January 1968	Tanzanian	Auditor	Nominated on 8 November 2017. Appointment to be ratified at the 2018 Annual General Meeting
10	Ineke Bussemaker	Member	23 February 1958	Dutch	Banker	Appointed on 6 June 2015

### 7. COMPANY SECRETARY

The Bank's secretary as at 31 December 2017 and during the year was Lilian R. Komwihangiro.

### 8. CORPORATE GOVERNANCE

The Board of Directors (the "Board") consists of nine directors. As at the date of this report one director position was vacant. 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 facilitates 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 recognize 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.

1. Board Executive Committee
2. Board Audit, Risk and Compliance Committee
3. Board Human Resources and Remuneration Committee
4. Board Credit Committee

During the year, there were 11 board meetings (7 of which were special meetings). There were also 10 Board Credit Committee meetings, 5 Board Human Resources and Remuneration Committee meetings (1 of which was a special meeting), 9 Board Audit, Risk and Compliance Committee meetings (5 of which were special) and 4 Board Executive Committee meetings.

### 9. REMUNERATION POLICIES

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

### 10. ACCOUNTING POLICIES

The accounting policies of the Bank disclosed in Note 3 to the financial statements have been approved by the Board. The accounting policies 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 of the following:-

- Managing Director
- Chief Customer Business
- Chief Financial Officer
- Chief Credit Officer
- Chief Digital Transformation and Products
- Chief Shared Services
- Chief Risk and Compliance
- Treasurer

## 12. INTERNAL AUDIT FUNCTION

The Bank has an independent Internal Audit function reporting to the Board Audit Risk and Compliance Committee. The Acting Chief of Internal Audit of the Bank is Benedicto Baragomwa.

## 13. STOCK EXCHANGE INFORMATION

In 2008 the Bank was listed at the Dar es Salaam Stock Exchange. The price per share as at year-end date was TZS 2,750 (2016: TZS 2,750). Market capitalisation as at 31 December 2017 was TZS 1,375 billion (2016: TZS 1,375 billion).

## 14. CAPITAL STRUCTURE

The Bank's capital structure for the year under review is disclosed under note 31 to the financial statements.

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

## 15. SHAREHOLDERS OF THE BANK

The total number of shareholders during the year 2017 is estimated to be 17,596 (2016: 17,576). 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	%	2017 number of shares	%	2016 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	33,049,520
Mr Aunali F Rajabali and Sajjad F Rajabali	5.0	25,000,000	5.0	25,000,000
SQM Frontier Africa Master Fund Ltd - SQM1	1.9	9,566,432	1.9	9,566,432
Morgan Stanley Institutional Fund, Inc -Frontier Markets Portfolio-MGGQ	1.3	6,718,721	1.2	6,212,221
Morgan Stanley Galaxy Fund	1.3	6,427,232	1.3	6,691,187
Banque Pictet and Cie Sa A/C Patrick Schegg	1.0	4,972,700	1.0	4,972,700
Parastatal Pension Fund (PPF)	1.0	4,831,636	1.0	4,831,636
Kuwait Investment Authority	0.7	3,500,000	0.7	3,500,000
Sanlam Centre Sub Saharan Africa Equity Master Fund Class E	0.7	3,400,000	0.7	3,400,000
Duet Africa Opportunities Master Fund IC	0.6	3,150,000	0.6	3,150,000
Stanbic Nominees Limited	0.6	3,115,688	0.7	3,354,523
TCCIA Investment Company Limited	0.5	2,611,886	0.5	2,611,886
General Public	12.1	60,254,385	12.1	60,258,095
	<b>100.0</b>	<b>500,000,000</b>	<b>100.0</b>	<b>500,000,000</b>

### Proposed transfer of Rabobank Shares

NMB Bank's largest shareholder, Rabobank of the Netherlands, partnered with the Dutch Development Bank (FMO) and the Norwegian State owned development fund (Norfund) to form a Sub-Saharan Africa-focused investment company, Arise B.V. The partnership was officially launched in Cape Town, South Africa in February 2017.

The ambition of the partnership is to build strong, locally owned financial institutions that serve small and medium enterprises (SMEs), the rural sector, and clients who have not previously had access to financial services.

### 15. SHAREHOLDERS OF THE BANK (CONTINUED)

To achieve their goal, members of the partnership agreed to pool together their networks, expertise and assets, including the stakes they individually held in several financial institutions in Sub-Saharan Africa (SSA). For Rabobank, this represents its shareholding in a number of financial institutions in SSA including NMB Bank Plc (NMB).

The transfer of Rabobank's shares in NMB to Arise is subject to regulatory approvals both at shareholder level as well as at the various national levels. Rabobank has lodged its share transfer request at the Ministry of Finance (MOF), the Bank of Tanzania (BOT) and the Capital Markets and Securities Authority (CMSA).

NMB will provide an update of the proceedings upon the receipt of responses from the regulatory bodies.

### 16. FUTURE STRATEGIC PLANS

The core of NMB's strategy is to drive customer convenience at all points of our interactions. The strategy is achieved through the simplification of the products and services we offer. To deliver this, we have purposed ourselves to continue investing in this market with solutions that are relevant and more so, help our customers to prosper.

One of our priority objectives is to expand our customer base. In order to achieve this, we will extend our reach so that we can make our services more accessible to more people. We aim to do this by utilizing technology as best we can. Agency banking and mobile banking are the two methods that NMB is prioritizing.

The future of banking will be strongly shaped by technology. Technology will impact how we interact with our customers; how we manage our risks and how we deliver our services. Taking into consideration the profound changes that are taking place in the banking sector due to this technological advancement, the Bank will continue to invest significant financial resources in improving our ICT infrastructure and increasing the size and enhancing the skills of our ICT department. The Bank will digitize, as appropriate, many of our current manual bank or branch operations. This should increase operational efficiency within the Bank thereby reducing costs and ultimately enhancing profits.

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

### 17. MARKET OVERVIEW

Global growth gained momentum in 2017 as a result of notable broad-based recovery in trade, manufacturing and investment coupled with stronger business and consumer confidence. Growth is estimated to have reached 3.6% in 2017 from 2.3% in 2016 and expected to grow higher in 2018. However, this is still below the growth rate before the 2008 financial crisis.

The Tanzanian economy slightly slowed in 2017 as a result of cuts in government spending and a slowdown in private sector. The full year GDP rate is estimated to stand at 6.6% lower than the government's growth target of 7.1%. Meanwhile, 2017 headline inflation closed at 4.0%, way below the authorities' target of 5%, following reduced food prices supported by a good harvest during the first half of the year and stable commodity prices.

The local currency traded broadly sideways in 2017 with minor volatility in the first quarter of the year whereby high dollar demand coupled with limited inflow marked a 2.5% depreciation of the unit against the dollar in January. However, the shilling settled in a range of between TZS/USD 2,231 and TZS/USD 2,246 for the remainder of the year. This stability was on the back of reduced imports as economic activities slowed and the central bank's sporadic intervention to smoothen out excessive short-term volatility in the exchange rate.

Local currency liquidity remained stable throughout the year with overall market rates seeing a sharp decline year on year. Interbank overnight rates declined by 788bps on average while short and long term government securities yields dropped by 509bps and 405bps, on average, respectively.



## 18. PERFORMANCE FOR THE YEAR

### 2017 Financial Highlights

#### Statement of financial position

- Total assets of the Group increased to TZS 5.5 trillion (2016: TZS 4.9 trillion), this represents a yearly growth of 12%.
- Overall, year on year Bank's net loan book remained flat mainly due to slow-down in lending following civil servant certificate verification exercise, sluggish demand from borrowers in most business sectors of the economy and increase in impairment balance on loans and advances by TZS 131 billion. Assets that experienced a significant growth are Government securities by TZS 195 billion, placements with banks TZS 105 billion and increase of cash and balance with Bank of Tanzania TZS 206 billion. This growth in assets was funded by growth in customer deposits by TZS 535 billion, additional borrowing from corporate bond amounting to TZS 22 billion and borrowings from Triodos Bank B.V amounting to TZS 28.3 billion.
- There was an increase in Bank's non-earning assets in particular tangible and intangible assets by 12% mainly due to leasehold improvements (fit-out for new branches and Cash Collection Points (CCPs)), data centre equipment and software acquisitions. In addition, due to increased liquidity in the market, cash and balances with Bank of Tanzania increased by 22%.

#### Statement of comprehensive income

- During the year, the Group recorded a net profit of TZS 96 billion (2016: TZS 156 billion), a decrease of 38% and the Bank earned a net profit of TZS 94 billion (2016: TZS 154 billion), a decrease of 39% year on year. The decrease was mainly attributed to significant impairment losses during the year.
- The Bank's net interest income increased by 3% while net fees and other income increased by 7% mainly attributable to Foreign exchange income and commission income. Loan impairment increased by 333% due to increase in Portfolio At Risk (PAR).
- The Bank's operating expenses increased by 2% during the year mainly contributed to general growth of business and depreciation expense.

The Bank's subsidiary Upanga Joint Venture Company (UJVC) Limited made a profit after tax of TZS 2.1 billion (2016: TZS 2.3 billion). As at 31 December 2017, the total assets were TZS 47 billion (2016: TZS 49 billion); the decrease was due to re-payment of the loan balance.

The audited financial statements for the year are set out on pages 68 to 159.

## 19. CASH FLOW

During the year, the Bank's major source of cash flow has been from operations that generated TZS 701 billion (2016: TZS 113 billion). The major use of the cash flow has been TZS 61 billion (2016: TZS 71 billion) for payment of Tax, TZS 45 billion (2016: TZS 81 billion) investment in fixed assets, TZS 11 billion (2016: TZS 10 billion) investment in software, TZS 195 billion (2016: TZS 52 billion) net investment in government securities and TZS 52 billion (2016: TZS 52 billion) 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, government institutions, Non-Government Organisations and other agencies.

## 20. DIVIDEND

The Directors propose payment of a dividend of TZS 64 per share, amounting to TZS 32 billion. In 2016, a dividend of TZS 104 per share, amounting to TZS 52 billion was approved and paid.

## 21. 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	
		2017	2016
Return on equity	Net profit/Total equity.	12%	20%
Return on assets	Net profit/Total assets.	2%	3%
Cost to income ratio	Total costs/Net income.	58%	59%
Interest margin on earning assets	Total interest income/ Interest earning assets	17%	15%
Non - interest income to Gross income	Non - interest income/Total income.	23%	23%
Gross loans to customers to customer deposits	Total loans to customers/Total deposits from customers.	63%	76%
Non - performing loans to gross loans	Non - performing loans/Gross loans and advances.	6%	5%
Earning assets to total assets	Earning assets/Total assets.	72%	74%
Growth on total assets	Increase in assets for the year/Total asset opening balance.	11%	8%
Growth on loans and advances to customers	Increase in Loans and advances /Opening balance of loans and advances.	(0.3)%	13%
Growth on customer deposits	Increase in customer deposits/Opening balance of customer deposits	14%	5%
<b>Capital adequacy</b>			
Tier 1 Capital	Risk weighted assets including off balance sheet items/Core Capital	16.9%	19%
Tier 1+Tier 2 Capital	Risk Weighted assets including off balance sheet items/Total Capital	17.6%	20%

## 22. TREASURY POLICY

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

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

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

## 22. TREASURY POLICY (CONTINUED)

### (i) Liquidity Management

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

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

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

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

### (ii) Foreign Exchange risk

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

- Identification of foreign exchange risks in the trading and banking book.
- Risk appetite specification in the form of limits and triggers.
- Breach management
- Price validation and profit recognition
- Sign off of positions and profit or loss
- Reporting and management of foreign exchange risk

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

### (iii) Interest Rate risk

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

All borrowings have been disclosed under note 30 to the financial statements. Interest rate sensitivity analysis is disclosed under note 6.2.2. As at the date of the audit report, there were no major financing transactions that have been undertaken by the Group.

### 22. TREASURY POLICY (CONTINUED)

#### (iv) Contingency Funding Plan

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

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

### 23. PRINCIPAL RISKS AND UNCERTAINTIES

The key risks that may significantly impact NMB's short-to-medium term strategy are mainly Credit, Operational, Compliance, Information (ICT) and Communication Technology, Market, Liquidity, Strategic and Reputational risk.

Below, we provide a description of these various risk categories that the bank faces.

#### Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including the legal risk.

Fraud, whether internal or external, is also a subset of operational risk. The number and value of fraud cases within the bank is quite low when compared to overall customer numbers, balances and transactional volumes. This is due to the Bank being able to implement a number of stringent controls including preventive and detective measures.

#### Compliance risk

This is the risk resulting from the Bank's activities not being conducted in accordance with laws, rules, regulatory requirements and Bank's internal policies and ethical standards. Management continually and robustly ensures that the Bank complies relevant laws, rules, regulatory requirements and other internal procedures via a number of stringent controls.

#### Credit risk

This is the risk resulting from the possibility that an asset in the form of a monetary claim against a counter party may not result in a cash receipt (or equivalent) as per the terms of the contract. The Bank has robust controls in place to its exposure to credit risk, including approval limits, disbursement controls, continuous monitoring and a robust risk appetite statement.

#### ICT risk

The risk associated with the use of information and communication technology to support business processes. ICT Risk results from inadequate or failed ICT Strategy, Operations or Project/Program execution. The Bank has robust checks in place to limit its exposure to ICT risk, and performs regular monitoring to validate the efficacy of its ICT risk controls.

#### Market risk

The risk of a potential decrease in shareholder's value as a result of adverse changes in the market value of assets and liabilities. Market risk associated with trading activities is the risk of loss occurring as a result of trading in the capital, interest rate, foreign exchange, equity and/or commodity markets. The Bank has stringent controls and monitoring mechanisms in place to limit its exposure to market risk.



### 23. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

#### Liquidity risk

The risk arising from the inability of the Bank to accommodate decreases in liabilities or to fund increases in assets in full, at the right time and place, and in the right currency. If a Bank is seen to be illiquid it cannot obtain sufficient funds, either by increasing liabilities or converting assets promptly and at a reasonable cost. The Bank has stringent controls and monitoring mechanisms in place to limit its exposure to liquidity risk.

#### Strategic risk

Strategic risk concerns the consequences that occur when the environment in which decisions that are hard to implement quickly or reverse quickly result in an unattractive or adverse impact. Strategic risk ultimately has two elements: one is doing the right thing at the right time (positioning) and the other is doing it well (execution). Strategic risk includes the risk that the Bank's strategy may be inappropriate to support sustainable future growth. The Bank has strong controls in place to mitigate strategic risk, including regular strategic risk reviews at Board and Management levels.

#### Reputational risk

The risk that an activity, action or stance taken by the Bank's officials will impair its image in the community and/or the long terms trust placed in the Bank by its stakeholders resulting in the loss of business or the threat of legal action. The Bank has stringent reputation risk controls in place including very tight controls on corporate communications and messaging.

### 24. RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

The Board carries out risk and internal control assessment through the Board Audit, Risk and Compliance Committee. The Board assessed the internal control systems throughout the financial year ended 31 December 2017 and is of the opinion that they met the accepted criteria.

### 25. SERIOUS PREJUDICIAL MATTERS

In the opinion of the Directors, there are no serious unfavorable matters that can affect the Bank (2016: 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. 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.

### 28. EMPLOYEES' WELFARE

#### Management and employees' relationship

There was continued good relation between employees and management for the year 2017. 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 which 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 2,810 million (2016: TZS 3,711 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 personal loans, vehicle loans, mortgage 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 plans. The number of employees during the year was 3,371 (2016: 3,432).

### 29. GENDER PARITY

The Bank had 3,371 employees; out of which 1,785 were male and 1,586 were female (2016: male 1,834, female 1,598).

### 30. RELATED PARTY TRANSACTIONS

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

### 31. POLITICAL AND CHARITABLE DONATIONS

The Bank did not make any political donations during the year (2016: NIL)

### 32. RELATIONSHIP WITH STAKEHOLDERS

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

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

### 33. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Bank set aside TZS 1,486 million (2016: TZS 1,506 million) to support social economic activities. The funds allocated aim at providing high quality social services in upholding the wellbeing of communities. Through our CSR, we invest in the focus areas of education, health, financial capability and disaster recovery initiatives.

- Educational support includes classroom construction at the roofing level, school desks, laboratories and libraries;
- Financial Capability – Wajibu Program. This is a financial education curriculum training in the schools by providing learning sessions to both youth and their parents/guardians about the importance of savings
- Support for natural disaster recovery during natural calamities; and
- Health support including providing a complete set of normal hospital beds and delivery beds, maternal and child facilities, waiting bays construction and ward partitions.

Support is also extended to;

- Branch openings – our CSR projects are extended to communities where new branches are opened; specifically in areas where there is limited availability of public services. Support is directed to the areas of health, education and financial capability trainings.
- New regions – our support is extended to new regions with development projects; a maximum of TZS 25 million was directed towards chosen projects with engagements done at local government level.

Our commitment to creating value to the society through staff initiative is very key. We aim to create a better future for the society through giving back and volunteerism. To date over 3,200 (95%) of NMB staff participated in CSR staff initiatives which has had an impact on restoring happiness and helped to empower the disadvantaged groups.

### 34. AUDITORS

The Bank's auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office and are eligible for re-appointment. A resolution proposing the re-appointment of PricewaterhouseCoopers as auditors of the Company for the year ending 31 December 2018 will be put to the Annual General Meeting.

**By order of the Board.**



**Prof. Joseph Semboja**  
Chairman

21 March 2018

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

Signed on behalf of the Board of Directors by

**By order of the Board.**



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**Prof. Joseph Semboja**  
**Chairman**

21 March 2018

## DECLARATION OF THE CFO

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

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

I, Veronica Pascal, being the Acting Chief Financial Officer of NMB Bank Plc hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2017 have been prepared in compliance with the International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, No.12 of 2002 and Banking and Financial Institutions Act (BFIA), 2006 and its regulations.

I thus confirm that the financial statements give a true and fair view of the financial performance of NMB Bank Plc for the year ended on 31 December 2017 and its financial position as on that date and that they have been prepared based on properly maintained financial records.



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Ag. Chief Financial Officer  
NBAA Membership no: ACPA 2026  
21 March 2018



## Report on the audit of the Consolidated and Bank financial statements

### Our opinion

In our opinion, the consolidated and bank financial statements give a true and fair view of the consolidated and bank financial position of NMB Bank Plc (the Bank) and its subsidiary (together the Group) as at 31 December 2017 and of the consolidated and bank financial performance and the consolidated and bank cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, No. 12 of 2002.

### What we have audited

NMB Bank Plc's consolidated and bank financial statements set out on pages 68 to 159 comprise:

- The consolidated and bank statements of financial position as at 31 December 2017;
- The consolidated and bank statements of profit or loss and other comprehensive income for the year then ended;
- The consolidated and bank statements of changes in equity for the year then ended;
- The consolidated and bank statements of cash flows for the year then ended; and
- The notes to the financial statements, which include a summary of significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and bank financial statements section of our report.

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

### Independence

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

### Key audit matter

A Key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated and bank's financial statements of the current period. The matter was addressed in the context of our audit of the consolidated and bank financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

## Report on the audit of the Consolidated and Bank financial statements (continued)

### Key audit matter (continued)

Key audit matter	How our audit addressed the key audit matter
<p>i) Impairment of loans and advances to customers</p> <p>Management exercises judgement when determining both when and how much to record as loan impairment provisions. Computation is done for both specific and portfolio impairment. Specific factors this year that have largely affected impairment charge include the impairment and write off of loans extended to government employees who have been affected by the ongoing clean up exercise by the government and deteriorating conditions for customers with significant exposure.</p> <p>Judgement is applied to determine the appropriate parameters and assumptions to calculate the impairment. On the specific impairment, judgement and assumptions are usually made on the identification of non-performing loans (considering both quantitative (such as the number of days that the loan is past due), and qualitative data (which may include specific company or industry factors)), expected cash flows and timing of cash flows. For performing loans a general provision is made with key judgements being the emergence period and loss ratio.</p> <p>These judgements together with the size of the loans and advances and the inherent credit risk associated with a lending institution makes this a key audit matter.</p>	<p><u>Identification of loans subject to specific impairment provision</u></p> <p>As the identification of loans subjected to specific impairment testing is reliant on information systems, we understood and tested key information technology general controls, controls over access to data, controls over creation of data and controls over changes to data.</p> <p>We tested that the system appropriately identifies past due loans and accurately calculates the number of days past due.</p> <p>We performed audit procedures to confirm;</p> <p>(i) Appropriateness of the number of days past due and other criteria applied by management to determine specifically impaired loans and advances.</p> <p>(ii) Identification and inclusion of restructured facilities in the specific impairment assessment.</p>

## Report on the audit of the Consolidated and Bank financial statements (continued)

### Key audit matter (continued)

Key audit matter	How our audit addressed the key audit matter
As at 31 December 2017, the Group and Bank's loans and advances to customers was TZS 2,771,732 million and 2,787,048 million, respectively and provision for impairment allowances for both Group and Bank amounted to TZS 104,949 million. Further details have been disclosed in Note 20 of the financial statements.	<p><u>Specific impairment assessment</u></p> <p>Where an impairment assessment was driven by debt servicing cash flows, we challenged management on the assumptions underlying the expected cash flows to establish their reasonableness and recomputed the discounted cash flows using the applicable original effective interest rate.</p> <p>Where impairment assessment was driven by recovery of collateral:</p> <ul style="list-style-type: none"> <li>• We tested management's process for selecting the panel of valuers used to value collateral.</li> <li>• For physical collateral, we agreed the forced sale values to latest valuation reports.</li> </ul> <p>We tested the reasonableness of recovery period used in determining the recoverable amount from the collateral.</p> <p>For the significant write offs during the year, we tested the process for ensuring the completeness of the loans to be written off and the appropriate approvals for the same.</p> <p><u>Portfolio impairment assessment</u></p> <p>For portfolio impairment assessment, we assessed the reasonableness of the provision by comparing it to our independently computed impairment provision based on the credit loss ratio derived from historical experience and emergence period.</p>

### Other information

The directors are responsible for the other information. The other information comprises Corporate information, Report of the directors, Statement of directors' responsibilities and Declaration of the Chief Financial Officer (but does not include the consolidated and bank financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the additional other information in the Annual report which is expected to be made available to us after that date.

Our opinion on the consolidated and bank financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

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

## Report on the audit of the Consolidated and Bank financial statements (continued)

### Other information (continued)

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

When we read the additional other information in the Annual report which is expected to be made available to us after the date of the auditor's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance

### Responsibilities of the directors for the consolidated and bank financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and bank financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, No. 12 of 2002, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and bank financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### Auditor's responsibilities for the audit of the consolidated and bank financial statements

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

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

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

## Report on the audit of the Consolidated and Bank financial statements (continued)

### Auditor's responsibilities for the audit of the Consolidated and Bank financial statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated and bank financial statements, including the disclosures, and whether the consolidated and bank financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

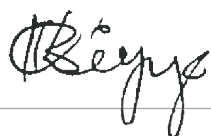
We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

### Report on other legal and regulatory requirements

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

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



Cletus Kiyuga, ACPA-PP

**For and on behalf of PricewaterhouseCoopers**

Certified Public Accountants

Dar es Salaam

26 March 2018



## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2017 TZS Millions	2016 TZS Millions
Interest and similar income	7(a)	585,512	548,993
Interest and similar expenses	8	(120,291)	(102,194)
<b>Net interest income</b>		<b>465,221</b>	<b>446,799</b>
Loan impairment charges	20(b)	(130,996)	(30,240)
<b>Net interest income after loan impairment</b>		<b>334,225</b>	<b>416,559</b>
Fee and commission income	9	154,880	143,622
Fee and commission expense	9	(17,549)	(13,758)
<b>Net fee and commission income</b>		<b>137,331</b>	<b>129,864</b>
<b>Total operating income</b>		<b>471,556</b>	<b>546,423</b>
Foreign exchange income	10(a)	17,389	15,419
Other income	11	4,155	6,057
Employee benefits expense	12	(154,686)	(148,691)
Other operating expenses	13(a)	(167,372)	(170,601)
Depreciation and amortization	14(a)	(31,228)	(24,855)
<b>Profit before income tax</b>		<b>139,814</b>	<b>223,752</b>
Income tax expense	15(a)	(44,205)	(67,599)
<b>Profit for the year</b>		<b>95,609</b>	<b>156,153</b>
<b>Attributable to</b>			
Owners of the parent		95,320	155,850
Non-controlling interests		289	303
<b>Profit for the year</b>		<b>95,609</b>	<b>156,153</b>
<b>Other comprehensive income, net of tax</b>			
Items that may be subsequently reclassified to profit or loss:			
Fair value gain/ (loss) on available for sale financial assets – net of tax	21(c)	67	(46)
<b>Total comprehensive income for the year</b>		<b>95,676</b>	<b>156,107</b>
<b>Attributable to:</b>			
Owners of the parent		95,387	155,804
Non-controlling interests		289	303
<b>Total comprehensive income for the year</b>		<b>95,676</b>	<b>156,107</b>
Basic and diluted earnings per share (TZS)	16(a)	190.64	311.70

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

	Note	2017 TZS Millions	2016 TZS Millions
Interest and similar income	7(b)	586,992	551,034
Interest and similar expenses	8	(120,291)	(102,194)
<b>Net interest income</b>		<b>466,701</b>	<b>448,840</b>
Loan impairment charges	20(b)	(130,996)	(30,240)
<b>Net interest income after loan impairment</b>		<b>335,705</b>	<b>418,600</b>
Fee and commission income	9	154,880	143,622
Fee and commission expense	9	(17,549)	(13,758)
<b>Net fee and commission income</b>		<b>137,331</b>	<b>129,864</b>
<b>Total operating income</b>		<b>473,036</b>	<b>548,464</b>
Foreign exchange income	10(b)	17,759	15,419
Other income	11	4,155	6,057
Employee benefits expense	12	(154,686)	(148,691)
Other operating expenses	13(b)	(173,104)	(175,955)
Depreciation and amortization	14(b)	(29,257)	(23,870)
<b>Profit before tax</b>		<b>137,903</b>	<b>221,424</b>
Income tax expense	15(b)	(44,409)	(67,599)
<b>Profit for the year</b>		<b>93,494</b>	<b>153,825</b>
<b>Other comprehensive income, net of tax</b>			
Items that may be subsequently reclassified to profit or loss:			
Fair value gain/ (loss) on available for sale financial assets – net of tax	21(c)	67	(46)
<b>Total comprehensive income for the year</b>		<b>93,561</b>	<b>153,779</b>
Basic and diluted earnings per share (TZS)	16(a)	186.99	307.65

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	2017 TZS Millions	2016 TZS Millions
<b>Assets</b>			
Cash and balances with Bank of Tanzania	18	1,156,322	950,181
Placements and balances with other banks	19	242,731	137,241
Loans and advances to customers	20(a)	2,771,732	2,774,464
Investment in government securities			
Loans and receivables	21(a)	422,732	318,833
Held-to-maturity	21(b)	496,367	405,364
Available for sale	21(c)	870	719
Equity investment	22(a)	1,740	1,740
Other assets	23(a)	64,733	49,193
Current tax assets	15(c)	1,905	891
Intangible assets	25	19,901	15,461
Property and equipment	24(a)	277,156	256,680
Deferred tax assets	26	43,338	27,513
<b>Total assets</b>		<b>5,499,527</b>	<b>4,938,280</b>
<b>Liabilities</b>			
Deposits due to other banks		149	11,176
Deposits from customers	27(a)	4,272,058	3,737,211
Other liabilities	28(a)	87,994	78,506
Provisions	29	2,784	2,648
Borrowings	30	336,930	352,803
<b>Total liabilities</b>		<b>4,699,915</b>	<b>4,182,344</b>
<b>Capital and reserves</b>			
Share capital	31	20,000	20,000
Retained earnings		749,880	707,334
Regulatory reserve	31	-	12,972
General risk reserve	31	26,849	26,385
Fair valuation reserve	31	(127)	(194)
Other reserve	31	-	(13,282)
<b>Capital and reserves attributable to owners of the parent</b>		<b>796,602</b>	<b>753,215</b>
<b>Non-controlling interests</b>		<b>3,010</b>	<b>2,721</b>
<b>Total equity and liabilities</b>		<b>5,499,527</b>	<b>4,938,280</b>

The financial statements on pages 68 to 159 were approved and authorised for issue by the Board of directors and were signed on its behalf by:



**Prof. Joseph Semboja**  
**Chairman**

21 March 2018

## BANK'S STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	2017 TZS Millions	2016 TZS Millions
<b>Assets</b>			
Cash and balances with Bank of Tanzania	18	1,156,322	950,181
Placements and balances with other banks	19	242,731	137,241
Loans and advances to customers	20(b)	2,787,048	2,794,467
Investment in government securities			
Loans and receivables	21(a)	422,732	318,833
Held-to-maturity	21(b)	496,367	405,364
Available for sale	21(c)	870	719
Equity investment	22(b)	1,740	1,740
Other assets	23(b)	56,880	44,383
Investment in subsidiary	22(b)	39,639	39,639
Current tax assets	15(d)	1,923	891
Intangible assets	25	19,901	15,461
Property and equipment	24(b)	237,090	214,643
Deferred tax assets	26	43,116	27,513
<b>Total assets</b>		<b>5,506,359</b>	<b>4,951,075</b>
<b>Liabilities</b>			
Deposit due to other banks		149	11,176
Deposits from customers	27(b)	4,272,149	3,737,404
Other liabilities	28(b)	85,578	79,836
Provisions	29	2,784	2,648
Borrowings	30	336,930	352,803
<b>Total liabilities</b>		<b>4,697,590</b>	<b>4,183,867</b>
<b>Capital and reserves</b>			
Share capital	31	20,000	20,000
Retained earnings		762,047	708,045
Regulatory reserve	31	-	12,972
General risk reserve	31	26,849	26,385
Fair valuation reserve	31	(127)	(194)
<b>Total equity</b>		<b>808,769</b>	<b>767,208</b>
<b>Total equity and liabilities</b>		<b>5,506,359</b>	<b>4,951,075</b>

The financial statements on pages 68 to 159 were approved and authorised for issue by the Board of directors and were signed on its behalf by



**Prof. Joseph Semboja**  
**Chairman**

21 March 2018

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Attributable to owners of the parent						Total equity
	TZS Millions	Retained earnings	Fair valuation reserve	*Regulatory reserve	**General risk reserve	***Other reserve	Non-controlling interest	
		TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions
<b>At 1 January 2017</b>	20,000	707,334	(194)	12,972	26,385	(13,282)	2,721	755,936
Profit for the year	-	95,320	-	-	-	-	289	95,609
Transfer from regulatory reserves	-	12,972	-	(12,972)	-	-	-	-
Transfer to general risk reserve	-	(464)	-	-	464	-	-	-
Reclassification of reserve	-	(13,282)	-	-	-	13,282	-	-
Other comprehensive income (OCI)	-	-	-	-	-	-	-	-
Gain of fair valuation	-	-	95	-	-	-	-	95
Deferred tax on OCI	-	-	(28)	-	-	-	-	(28)
Total comprehensive income	-	94,546	67	(12,972)	464	13,282	289	95,676
Transactions with owners	-	(52,000)	-	-	-	-	-	(52,000)
Dividends paid for the year 2016	-	(52,000)	-	-	-	-	-	(52,000)
<b>At 31 December 2017</b>	<b>20,000</b>	<b>749,880</b>	<b>(127)</b>	<b>-</b>	<b>26,849</b>	<b>-</b>	<b>3,010</b>	<b>799,612</b>

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

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

\*\*\* Other reserve represents the difference between the fair value of the consideration paid with respect to acquisition of additional shares in Ohio Street Properties Limited and net assets of acquired interests. In the current year, the amount has been reclassified to retained earnings.



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

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

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

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

\*\*\*\* Other reserve represents the difference between the fair value of the consideration paid with respect to acquisition of additional shares in Ohio Street Properties Limited and net assets of acquired interests. In the current year, the amount has been reclassified to retained earnings.

## BANK'S STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained earnings	Fair valuation reserve	*Regulatory reserve	**General risk reserve	Total
	TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions
<b>At 1 January 2017</b>	20,000	708,045	(194)	12,972	26,385	767,208
Comprehensive income						
Profit for the year	-	93,494	-	-	-	93,494
Transfer from regulatory reserve	-	12,972	-	(12,972)	-	-
Transfer to general risk reserve	-	(464)	-	-	464	-
Other comprehensive income (OCI)						
Gain of fair valuation	-	-	95	-	-	95
Deferred tax on OCI	-	-	(28)	-	-	(28)
<b>Total comprehensive income</b>	-	106,002	67	(12,972)	464	93,561
Transactions with owners						
Dividends paid for the year 2016	-	(52,000)	-	-	-	(52,000)
<b>At 31 December 2017</b>	<b>20,000</b>	<b>762,047</b>	<b>(127)</b>	<b>-</b>	<b>26,849</b>	<b>808,769</b>
<b>At 1 January 2016</b>	20,000	620,901	(148)	3,800	20,876	665,429
<b>Comprehensive income</b>						
Profit for the year	-	153,825	-	-	-	153,825
Transfer to regulatory reserve	-	(14,681)	-	9,172	5,509	-
Other comprehensive income	-	-	(46)	-	-	(46)
<b>Total comprehensive income</b>	-	139,144	(46)	9,172	5,509	153,779
<b>Transactions with owners</b>						
Dividends paid for the year 2015	-	(52,000)	-	-	-	(52,000)
<b>At 31 December 2016</b>	<b>20,000</b>	<b>708,045</b>	<b>(194)</b>	<b>12,972</b>	<b>26,385</b>	<b>767,208</b>

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

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

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	2017 TZS Millions	2016 TZS Millions
<b>Cash generated from operations</b>	33(a)	701,093	112,896
Tax paid	15(b)	(61,072)	(70,880)
<b>Net cash generated from operations</b>		640,021	42,016
<b>Cash flows from investing activities</b>			
Proceeds from government securities at amortised cost		691,669	519,207
Investment in government securities at amortised cost		(886,571)	(570,864)
Purchase of property and equipment	24(a)	(45,295)	(82,720)
Purchase of intangible assets	25	(10,550)	(9,825)
Proceeds on disposal of property and equipment		223	390
<b>Net cash utilised in investing activities</b>		(250,524)	(143,812)
<b>Cash flows from financing activities</b>			
Proceeds received from borrowings		50,428	138,153
Principal paid on borrowings		(66,612)	(55,021)
Interest paid on borrowings		(24,085)	(13,109)
Dividends paid	17	(52,000)	(52,000)
<b>Net cash (used in)/ generated from financing activities</b>		(92,269)	18,023
<b>Net increase/(decrease) in cash and cash equivalents</b>		297,228	(83,773)
Cash and cash equivalents at beginning of the year		697,580	784,965
Effect of movement in foreign exchange		7,480	(3,612)
<b>Cash and cash equivalents end of the year</b>	32	1,002,288	697,580
<b>Analysis of cash and cash equivalents at end of the year:</b>			
Cash in hand		358,322	248,191
Balances with Bank of Tanzania (excluding SMR)		401,341	312,148
Deposits and balances due from banking institutions		242,731	137,241
Cheques and items for clearing due to other banks		(106)	-
		1,002,288	697,580

## BANKS STATEMENT OF CASH FLOWS

	Note	2017 TZS Millions	2016 TZS Millions
<b>Cash generated from operations</b>	33(b)	701,093	110,926
Tax paid	15(b)	(61,072)	(70,880)
Net cash generated from operations		640,021	40,046
Cash flows from investing activities			
Proceeds from government securities at amortised cost		691,669	519,207
Investment in government securities at amortised cost		(886,571)	(570,864)
Purchase of property and equipment	24(b)	(45,295)	(80,749)
Purchase of intangible assets	25	(10,550)	(9,826)
Proceeds on disposal of property and equipment		223	390
<b>Net cash utilised in investing activities</b>		(250,524)	(141,842)
Cash flows from financing activities			
Proceeds from borrowings		50,428	138,153
Principal paid on borrowings		(66,612)	(55,021)
Interest paid on borrowings		(24,085)	(13,109)
Dividends paid	17	(52,000)	(52,000)
Net cash (used in)/generated from financing activities		(92,269)	18,023
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>297,228</b>	<b>(83,773)</b>
Cash and cash equivalents at the beginning of the year		697,580	784,965
Effect of movement in foreign exchange		7,480	(3,612)
<b>Cash and cash equivalents end of the year</b>	32	<b>1,002,288</b>	<b>697,580</b>
<b>Analysis of cash and cash equivalents at end of the year:</b>			
Cash in hand		358,322	248,191
Balances with Bank of Tanzania (excluding SMR)		401,341	312,148
Deposits and balances due from banking institutions		242,731	137,241
Cheques and items for clearing due to other banks		(106)	-
		<b>1,002,288</b>	<b>697,580</b>

## 1 REPORTING ENTITY

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

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

## 2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

### Basis of preparation

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

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

### Changes in accounting policy and disclosures

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

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

Title	Key requirement
<b>Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12</b>	<p>Amendments made to IAS 12 in January 2016 clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:</p> <ul style="list-style-type: none"> <li>• A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.</li> <li>• An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit.</li> <li>• Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.</li> <li>• Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profit that is used to evaluate the recoverability of those assets.</li> </ul> <p>The amendment has insignificant impact to the Group because its assets measured at fair value are considered immaterial.</p>
<b>Disclosure Initiative – Amendments to IAS 7</b>	<p>Going forward, entities will be required to explain changes in their liabilities arising from financing activities. This includes changes arising from cash flows (eg drawdowns and repayments of borrowings) and non-cash changes such as acquisitions, disposals, accretion of interest and unrealised exchange differences. Changes in financial assets must be included in this disclosure if the cash flows were, or will be, included in cash flows from financing activities. This could be the case, for example, for assets that hedge liabilities arising from financing liabilities.</p> <p>Entities may include changes in other items as part of this disclosure, for example by providing 'net debt' reconciliation. However, in this case the changes in the other items must be disclosed separately from the changes in liabilities arising from financing activities. The information may be disclosed in tabular format as reconciliation from opening and closing balances, but a specific format is not mandated.</p> <p>This disclosure has been included in note 30.</p>



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

### Basis of preparation (continued)

### Changes in accounting policy and disclosures (continued)

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

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

- Annual improvements 2014-2016 cycle: Amendments to IFRS 12

The amendments clarify that the disclosure requirements of IFRS 12 apply to interests in entities that are classified as held for sale, except for the summarised financial information.

#### ii) New standards and interpretations that are not yet effective and have not been early adopted.

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

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

### Basis of preparation (continued)

### Changes in accounting policy and disclosures (continued)

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

Title	Key requirements	Effective Date
IFRS 9 Financial Instruments and associated amendments to various other standards (continued)	<p><b>Impact assessment</b></p> <p>The Group is well positioned to implement IFRS 9 for the financial year beginning 1 January 2018. As part of the adoption process, the Group formed a Steering Committee, which was supported by the Project Working Committee (PWC) together "the Committee". The team has made good progress so far in setting accounting policies, determining the classification of instruments under IFRS 9, developing models for credit modelling and designing reporting templates. The Group engaged KPMG in Tanzania as consultants in the implementation of the IFRS 9 project.</p> <p>The Committee has developed and/or amended the applicable credit and accounting policies to incorporate the new requirements of IFRS 9. In addition, the group-wide definitions such as the definition of default and significant increase in credit risk have been finalized to ensure consistent application of key terms in model development across the Group. This will ensure that movement of customer accounts through impairment stages is applied consistently.</p> <p>The Group will adopt the Probability of Default (PD)/Loss Given Default (LGD) approach for the calculation of Expected Credit Losses (ECL) for all loans and advances and a simplified approach for non-advances e.g. other assets. The ECL will be based on a probability-weighted average of three macroeconomic scenarios incorporating internal base scenario, best scenario and worst scenario weighted by the probability of likelihood of occurrence. Appropriate ECL models have been developed, including accompanying PD, LGD and Exposure at Default (EAD) models. All required models have been developed within the Group, and are validated independently internally and externally by the Group's external auditor. These are accompanied by the appropriate policy frameworks that have incorporated minimum required standards and industry best practice.</p> <p>Existing governance policies will be utilized for the governance of IFRS 9-related processes. Overall, no significant changes are anticipated in the governance processes related to impairments. Where necessary, these have been amended to incorporate elements not presently catered for in the existing policies. One such amendment is the governance process to ensure the independence of forward-looking macroeconomic information, which is incorporated into ECL models.</p> <p>Parallel run of IAS 39 and IFRS 9 models and impact assessments have been performed from September to December 2017 and the Group continues to refine the calculations. All three models have been developed and are pending validation by the external auditor.</p> <p>Based on the assessments undertaken to date, the total estimated adjustment (net of tax) of the adoption of IFRS 9 on the opening reserves of the Bank at 1 January 2018 is at least 2% which will result in the reduction of Capital adequacy ratio by at least 0.1%.</p> <p>This assessment is preliminary because not all transition work has been finalized. The actual impact of adopting IFRS 9 on 1 January 2018 may change because;</p> <ul style="list-style-type: none"> <li>the Group is refining and finalizing updating of PDs and LGDs for use in the model for ECL calculations; and</li> <li>the new accounting policies, assumptions, judgments and estimation techniques employed are subject to change until the Group finalises its first financial statements that include the date of initial application.</li> </ul>	1 January 2018

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

### Basis of preparation (continued)

### Changes in accounting policy and disclosures (continued)

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

Standard or amendments	Key requirements	Effective Date
<b>IFRS 15 Revenue from contracts with customers and associated amendments to various other standards</b>	<p>The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18, which covers contracts for goods and services, and IAS 11, which covers construction contracts.</p> <p>The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.</p> <p>A new five-step process must be applied before revenue can be recognised:</p> <ul style="list-style-type: none"> <li>• identify contracts with customers</li> <li>• identify the separate performance obligation</li> <li>• determine the transaction price of the contract</li> <li>• allocate the transaction price to each of the separate performance obligations, and</li> <li>• recognise the revenue as each performance obligation is satisfied.</li> </ul> <p>Key changes to current practice are:</p> <ul style="list-style-type: none"> <li>• Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.</li> <li>• Revenue may be recognised earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc.) – minimum amounts must be recognised if they are not at significant risk of reversal.</li> </ul> <p>The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.</p> <p>There are new specific rules on licenses, warranties, non-refundable upfront fees and, consignment arrangements, to name a few.</p>	1 January 2018
	<p>As with any new standard, there are also increased disclosures.</p> <p>These accounting changes may have flow-on effects on the entity's business practices regarding systems, processes and controls, compensation and bonus plans, contracts, tax planning and investor communications.</p> <p>Entities will have a choice of full retrospective application, or prospective application with additional disclosures.</p> <p>The standard will not have a significant impact on the Group.</p>	
<b>IFRS 16 Leases</b>	<p>IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on the statement of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.</p> <p>The statement of profit or loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change.</p> <p>Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows.</p> <p>The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.</p> <p>Leases held by the group accounted as operating leases will start to be accounted as assets and financial liabilities. The standard will not have a significant impact on the Group.</p>	1 January 2019  Early adoption is permitted only if IFRS 15 is adopted at the same time.

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

### Basis of preparation (continued)

### Changes in accounting policy and disclosures (continued)

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

Standard or amendments	Key requirements	Effective Date
<b>Transfers of Investment Property – Amendments to IAS 40</b>	<p>The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer. The list of evidence for a change of use in the standard was re-characterised as a non-exhaustive list of examples to help illustrate the principle.</p> <p>The Board provided two options for transition:</p> <ul style="list-style-type: none"> <li>prospectively, with any impact from the reclassification recognised as adjustment to opening retained earnings as at the date of initial recognition, or</li> <li>retrospectively - only permitted without the use of hindsight.</li> </ul> <p>Additional disclosures are required if an entity adopts the requirements prospectively.</p>	1 January 2018
<b>Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28</b>	<p>The IASB has made limited scope amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures.</p> <p>The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitutes a 'business' (as defined in IFRS 3 Business Combinations).</p> <p>Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively.</p> <p>** In December 2016 ASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.</p>	n/a**
<b>Annual improvements 2014-2016 cycle</b>	<p>The following improvements were finalised in December 2016:</p> <ul style="list-style-type: none"> <li>IFRS 1 - deleted short-term exemptions covering transition provisions of IFRS 7, IAS 19 and IFRS 10, which are no longer relevant.</li> <li>IAS 28 - clarifies that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition.</li> </ul>	1 January 2018
<b>Interpretation 22 Foreign Currency Transactions and Advance Consideration</b>	<p>The interpretation clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts.</p> <p>For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability).</p> <p>If there are multiple payments or receipts for one item, a date of transaction should be determined as above for each payment or receipt.</p> <p>Entities can choose to apply the interpretation:</p> <ul style="list-style-type: none"> <li>retrospectively for each period presented</li> <li>prospectively to items in scope that are initially recognised on or after the beginning of the reporting period in which the interpretation is first applied, or</li> <li>prospectively from the beginning of a prior reporting period presented as comparative information.</li> </ul>	1 January 2018

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

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Segmental reporting

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

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

The consolidated financial statements incorporate the financial statements of the Bank and entities controlled by the Bank (its subsidiary). The financial statements of the Bank and its subsidiary are made up to 31 December 2017.

#### *I. Subsidiaries*

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

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

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

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

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

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

#### *III. Disposal of subsidiaries*

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

#### *IV. Separate financial statements*

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



### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (c) Interest income and expense

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

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

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

#### (d) Fee and commission income and expense

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

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

#### (e) Foreign currency translation

##### *I. Functional and presentation currency*

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

##### *II. Transactions and balances*

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

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

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (f) 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.

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

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

##### (ii) Available for sale

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

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

##### (iii) Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the directors have 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.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (f) Financial assets (continued)

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.

#### (g) Recognition of financial assets

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

#### (h) Financial liabilities

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

#### (i) Derecognition of financial assets and liabilities

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

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

#### (j) Classes of financial instruments

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

Financial assets	Class
Placement and balances with other banks	Loans and receivables
Loans and advances to customers	Loans and receivables
Investment in government securities	
• Held to maturity	Held to maturity
• Loan and receivables	Loans and receivables
• Available for sale	Available for sale
Other assets	Loans and receivables
Equity investments	Available for sale
<b>Financial liabilities</b>	
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

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (k) Impairment of financial assets

##### (i) Assets carried at amortised cost

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

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

- Significant financial 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 under impairment charge for credit losses.

##### (ii) Assets classified as available-for-sale

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

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (k) Impairment of financial assets (continued)

##### (iii) Renegotiated loans

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

#### (l) Offsetting financial instruments

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

#### (m) Borrowings

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

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

#### (n) Income tax

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

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

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



### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (n) Income tax (continue)

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

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

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

#### (o) Provisions

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

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

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

#### (p) Non-financial assets

##### i. Property and equipment

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

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

	%
Building	5
Leasehold Improvements	5-50
Motor vehicles	25
Furniture, fittings and equipment	20
Computer equipment	33-3

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

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

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (p) Non-financial assets (continued)

##### ii. Intangible assets

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

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

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

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

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may 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 impairment are reviewed for possible reversal of the impairment at the end of each reporting period. No indicators of impairment were identified therefore no non-financial assets were impaired in 2017.

#### (r) Cash and cash equivalents

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

#### (s) Employee benefits

##### i. Short-term obligations

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

##### ii. Other long-term employee benefit obligations

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

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (s) Employee benefits (continued)

##### ii. Post-employment obligations

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

Bank 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 subsidiary of the bank does not have any employees. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### (t) Share capital

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

#### (u) Dividend

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

#### (v) Earnings per share

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

#### (w) Leases

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

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

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other longterm payables. The interest element of the finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (x) Contingencies and commitments

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

#### *i. 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.

#### *ii. Acceptances and letters of credit*

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

#### *iii. Undrawn commitments*

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

### (y) Comparatives

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

## 4 CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

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

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

### (a) Impairment losses on loans and advances

The Group reviews its loan portfolios to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the profit or loss, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers, or national or local economic conditions that correlate with defaults on assets. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. The most sensitive assumption in the impairment model is credit loss ratio, when credit loss ratio decrease/increase by 10% impairment provision will decrease/increase by TZS 394 million (2016: TZS 483 million).

## 4 CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

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

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

### (c) Taxes

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

The recognition of deferred tax asset relies on an assessment of the probability and sufficiency of future taxable profit, future reversals of existing taxable temporary differences and ongoing tax planning and strategies. The deferred tax recognised in the Group's statement of financial position as at 31 December 2017 was TZS 43,134 million (2016: TZS 27,513 million). The judgment takes into consideration the effect of both positive and negative evidence, including historical financial performance, projections of future taxable income and future reversals of existing taxable temporary differences.

### d) Provisions

The Bank and Group have provided for the liabilities arising out of contractual obligations. The closing balance of provisions on litigations amounted to TZS 2,784 million. (2016: TZS 2,648 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.

### e) Held to maturity investments

The Bank 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 Bank evaluates its intention and ability to hold such investments to maturity. If the Bank 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. The investments would therefore be measured at fair value not amortised cost. If all held to maturity investments were to be reclassified as at 31 December 2017 the carrying value would increase by TZS 3,561 million.



## 5 SEGMENT REPORTING

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

### Operating segments

The Group comprises the following main operating segments:

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 5 SEGMENT REPORTING (CONTINUED)

The segment information provided to the Bank's Management Team for the reportable segments for the year ended 31 December 2017 is as follows (all amounts in TZS million):

2017	Treasury	Wholesale banking	Retail banking	Agribusiness	UJVC	(Eliminations)/ consolidation	Total
Interest income	117,876	82,823	374,956	11,337	-	(1,480)	585,512
Interest expense	(641)	(59,195)	(56,059)	(4,396)	(1,480.00)	1,480	(120,291)
<b>Net Interest Income</b>	<b>117,235</b>	<b>23,628</b>	<b>318,897</b>	<b>6,941</b>	<b>(1,480)</b>	<b>-</b>	<b>465,221</b>
Loan impairment charges	-	(65,498)	(58,948)	(6,550)	-	-	(130,996)
Net fees and commission, Foreign exchange and other income	17,759	29,336	112,892	2,637	5,632	(6,002)	162,254
Employee benefits expense	(14,695)	(29,390)	(92,038)	(18,563)	-	-	(154,686)
General and administrative expenses	(16,766)	(33,532)	(105,007)	(21,178)	(270)	6,002	(170,751)
Depreciation and amortization	(2,779)	(5,559)	(17,408)	(3,511)	(1,971)	-	(31,228)
<b>Profit before tax</b>	<b>100,754</b>	<b>(81,015)</b>	<b>158,388</b>	<b>(40,224)</b>	<b>1,911</b>	<b>-</b>	<b>139,814</b>
Income tax provision	(32,446)	26,089	(51,005)	12,953	204	-	(44,205)
<b>Profit after tax</b>	<b>68,308</b>	<b>(54,926)</b>	<b>107,383</b>	<b>(27,271)</b>	<b>2,115</b>	<b>-</b>	<b>95,609</b>
<b>Segment assets, liabilities and equity</b>							
<b>Total assets</b>	<b>2,615,162</b>	<b>683,245</b>	<b>2,112,741</b>	<b>95,854</b>	<b>46,578</b>	<b>(54,053)</b>	<b>5,499,527</b>
<b>Total liabilities and equity</b>	<b>951,887</b>	<b>1,701,709</b>	<b>2,612,837</b>	<b>240,569</b>	<b>46,578</b>	<b>(54,053)</b>	<b>5,499,527</b>

## 5 SEGMENT REPORTING (CONTINUED)

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

2016	Treasury	Wholesale banking	Retail banking	Agribusiness	UJVC	(Eliminations)/ consolidation	Total
Interest income	109,853	82,644	351,027	7,510	-	(2,041)	548,993
Interest expense	(9,384)	(61,170)	(31,598)	(42)	-	-	(102,194)
<b>Net Interest Income</b>	<b>100,469</b>	<b>21,474</b>	<b>319,429</b>	<b>7,468</b>		<b>(2,041)</b>	<b>446,799</b>
Loan impairment charges	-	(2,181)	(24,365)	(3,694)	-	-	(30,240)
Net fees and commission, Foreign exchange and other income	15,134	14,260	120,432	1,514	5,858	(5,858)	151,340
Employee benefits expense	(13,493)	(26,987)	(91,166)	(17,045)	-	-	(148,691)
General and administrative expenses	(17,413)	(34,826)	(101,720)	(21,996)	(2,545)	7,899	(170,601)
Depreciation and amortization	(2,267)	(4,535)	(14,203)	(2,865)	(985)	-	(24,855)
<b>Profit before tax</b>	<b>82,430</b>	<b>(32,795)</b>	<b>208,407</b>	<b>(36,618)</b>	<b>2,328</b>	<b>-</b>	<b>223,752</b>
Income tax provision	(25,607)	10,884	(64,106)	11,230	-	-	(67,599)
<b>Profit after tax</b>	<b>56,823</b>	<b>(21,911)</b>	<b>144,301</b>	<b>(25,388)</b>	<b>2,328</b>	<b>-</b>	<b>156,153</b>
<b>Segment assets, liabilities and equity</b>							
<b>Total assets</b>	<b>2,115,157</b>	<b>603,117</b>	<b>2,156,913</b>	<b>62,702</b>	<b>48,770</b>	<b>(48,379)</b>	<b>4,938,280</b>
<b>Total liabilities and equity</b>	<b>1,256,904</b>	<b>1,599,045</b>	<b>1,975,674</b>	<b>106,266</b>	<b>48,770</b>	<b>(48,379)</b>	<b>4,938,280</b>

## 6 FINANCIAL RISK MANAGEMENT

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

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

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

### 6.1 Credit risk

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

#### 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 uses loan classification based on internal monitoring rating. The loan book is split into Retail and Corporate. For retail, loans above 180 days in arrears are fully provided. For Corporate book in arrear for more than 90 days, management establish the likely future cash flow from either sale of collateral or repayment for impairment.

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

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

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

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

## 6 FINANCIAL RISK MANAGEMENT

### 6.1.2 Risk limit control and mitigation policies

#### (a) Lending limits

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

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

#### (b) Collateral

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

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

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

#### (c) Credit-related commitments

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

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



## 6 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 6.1 Credit risk (continued)

#### 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 2017		31 December 2016	
	Loans and advances to customers	Impairment provision	Loans and advances to customers	Impairment provision
Salaried workers loans	1,582,062	15,653	1,697,667	20,863
Micro and Small Enterprises (MSE)	302,345	7,863	304,828	4,912
Corporate customers	677,947	68,151	581,464	8,630
Small and Medium size Enterprises (SME)	200,819	8,059	187,042	3,077
Agribusiness loans	96,007	4,750	62,736	15,098
Other consumer loans	32,817	474	13,477	167
	<b>2,891,997</b>	<b>104,949</b>	<b>2,847,214</b>	<b>52,747</b>

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

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

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

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

## 6 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 6.1 Credit risk (continued)

#### 6.1.4 Loans and advances

(i) Loans and advances to customers

Loans and advances are summarised as follows:

	Note	2017 TZS Millions	2016 TZS Millions
Neither past due nor impaired	6.1.4(a)	2,647,006	2,591,033
Past due but not impaired	6.1.4(b)	69,676	119,623
Impaired	6.1.4(c)	175,314	136,558
<b>Gross</b>		<b>2,891,997</b>	<b>2,847,214</b>
Less: allowance for impairment		(104,949)	(52,747)
<b>Net</b>		<b>2,787,048</b>	<b>2,794,467</b>
Unidentified impairment		(3,921)	(4,827)
Identified impairment – portfolio		(23,106)	(22,044)
Identified impairment – individually		(77,922)	(25,876)
		<b>(104,949)</b>	<b>(52,747)</b>

The total impairment provision for loans and advances is TZS 104,949 million (2016: TZS 52,747 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 20.

During the year ended 31 December 2017, the Bank's total loans and advances slightly decreased by 0.2% (2016: increase of 13.1%). The decrease was attributed to significant impairment losses. 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 quality corporate enterprises, SMEs and Salaried Workers Loans.

## 6 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 6.1 Credit risk (continued)

#### 6.1.4 Loans and advances (continued)

(i) Loans and advances to customers (continued)

(a) Loans and advances neither past due nor impaired

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

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

	Retail customers			Corporate customers			Total
	MSEs	SWL	Other consumer loans	Large corporate customers	SMEs	Agribusiness	
	TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions	
<b>31 December 2017</b>							
New customers	264,718	581,135	25,221	295,425	133,969	46,671	1,347,139
Existing customers							
With no history of default	6,334	918,002	1,890	157,101	26,343	21,658	1,131,328
With history of default	372	40,928	2,069	16,879	5,203	1,326	66,777
Restructured loans	-	-	426	94,089	3,013	4,234	101,762
<b>Total</b>	<b>271,424</b>	<b>1,540,065</b>	<b>29,606</b>	<b>563,494</b>	<b>168,528</b>	<b>73,889</b>	<b>2,647,006</b>
<b>31 December 2016</b>							
New customers	286,015	450,383	25	83,778	117,608	2,321	940,130
Existing customers							
With no history of default	325	1,178,656	-	155,116	19,350	3,370	1,356,817
With history of default	3,414	36,142	3,268	187,465	18,942	15,276	264,507
Restructured loans	-	-	553	14,432	2,094	12,500	29,579
<b>Total</b>	<b>289,754</b>	<b>1,665,181</b>	<b>3,846</b>	<b>440,791</b>	<b>157,994</b>	<b>33,467</b>	<b>2,591,033</b>

## 6 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 6.1 Credit risk (continued)

#### 6.1.4 Loans and advances (continued)

(i) Loans and advances to customers (continued)

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

92% (2016: 91%) of the loans and advances that were neither past due nor impaired fall under top grade of the internal rating system.

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) this is especially the case for consumer loans, unless other information is available to indicate the contrary.

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

	Up to 30 days	30 - 60 days	60 - 90 days	90 - 180 days	Total
Past due days	TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions
<b>31 December 2017</b>					
MSEs	10,386	4,347	2,828	5,941	23,528
Corporate customers	405	935	-	-	1,340
SMEs	6,665	1,978	1,235	2,066	11,944
Agribusiness loans	209	221	545	397	1,372
Salaried workers loans	13,341	6,043	2,722	6,601	28,707
Other consumer loans	2,105	206	149	326	2,786
<b>Total</b>	<b>33,111</b>	<b>13,730</b>	<b>7,479</b>	<b>15,331</b>	<b>69,676</b>

#### 31 December 2016

MSEs	2,201	2,986	1,895	3,548	10,630
Corporate customers	54,303	2,532	1,140	1,137	59,112
SMEs	17,814	1,570	296	1,382	21,062
Agribusiness loans	1,100	1,761	-	505	3,366
Salaried workers loans	5,536	3,702	2,652	5,225	17,115
Other consumer loans	3,772	2,321	758	1,487	8,338
<b>Total</b>	<b>84,726</b>	<b>14,872</b>	<b>6,741</b>	<b>13,284</b>	<b>119,623</b>

## 6 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 6.1 Credit risk (continued)

#### 6.1.4 Loans and advances (continued)

(i) *Loans and advances to customers (continued)*

(b) *Loans and advances past due but not impaired (continued)*

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.

(c) *Loans and advances impaired*

The amount of total impaired loans and advances as at 31 December 2017 was TZS 175,343 million (2016: TZS 136,558 million).

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

	2017 TZS Millions	2016 TZS Millions
SMEs	20,347	7,986
Corporate customers	113,113	81,561
MSEs	7,391	4,444
Salaried workers loans	13,292	15,303
Agribusiness loans	20,746	25,903
Other consumer loans	425	1,361
	<b>175,314</b>	<b>136,558</b>

(ii) *Amounts due from banks*

The total gross amount of impaired amounts due from banks as at 31 December 2017 was Nil (2016: Nil). No collateral is held by the Bank and no impairment provision has been provided against the gross amount.

#### 6.1.5 Debt securities, treasury bills and other eligible bills

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

#### 6.1.6 Balances with bank of Tanzania and other assets

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

## 6 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 6.1 Credit risk (continued)

#### 6.1.7 Repossessed collateral

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

#### 6.1.8 Concentration of risks of financial assets with credit risk exposure

##### (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 2017. For this table, the Bank has allocated exposures to regions based on the country of domicile of its counterparties.

Credit risk exposures relating to on-balance sheet assets are as follows:	Tanzania TZS Millions	Europe TZS Millions	America TZS Millions	Others TZS Millions	Total TZS Millions
<b>31 December 2017</b>					
Balances with the Bank of Tanzania	798,007	-	-	-	798,007
Placement and balances with other banks	124,944	16,704	100,752	331	242,731
Investment in Government securities					
Held to maturity	496,367	-	-	-	496,367
Loans and receivable	422,732	-	-	-	422,732
Available for sale	870	-	-	-	870
Loans and advances to customers:					
Loans to individuals:					
- MSEs	294,482	-	-	-	294,482
- Other consumer loans	32,343	-	-	-	32,343
Salaried workers loans	1,566,409	-	-	-	1,566,409
Loans to corporate entities:					
- Corporate customers	609,796	-	-	-	609,796
- SMEs	192,760	-	-	-	192,760
Agribusiness loans	91,257	-	-	-	91,257
Other assets (excluding prepayments)	32,340	-	-	-	32,340
<b>As at 31 December 2017</b>	<b>4,662,308</b>	<b>16,704</b>	<b>100,752</b>	<b>331</b>	<b>4,780,095</b>
Credit risk exposures relating to off-balance sheet assets are as follows:					
Guarantees and indemnities (Note 35(a))	67,028	-	-	-	67,028
Undrawn commitments (Note 35(a))	99,289	-	-	-	99,289
Acceptances and letters of credit (Note 35(a))	330,329	-	-	-	330,329
<b>As at 31 December 2017</b>	<b>496,646</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>496,646</b>



## 6 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 6.1 Credit risk (continued)

#### 6.1.9 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
<b>31 December 2016</b>					
Balances with the Bank of Tanzania	701,990	-	-	-	701,990
Placement and balances with other banks	63,530	8,475	65,007	229	137,241
Investment in Government securities					
Held to maturity	405,364				405,364
Loans and receivable	318,833	-	-	-	318,833
Available for sale	719	-	-	-	719
Loans and advances to customers:					
Loans to individuals:					
- MSEs	299,916	-	-	-	299,916
- Other consumer loans	13,310	-	-	-	13,310
Salaried workers loans	1,676,804	-	-	-	1,676,804
Loans to corporate entities:					
- Corporate customers	572,834	-	-	-	572,834
- SMEs	183,965	-	-	-	183,965
Agribusiness loans	47,638	-	-	-	47,638
Other assets (excluding prepayments)	24,269	-	-	-	24,269
<b>As at 31 December 2016</b>	<b>4,309,172</b>	<b>8,475</b>	<b>65,007</b>	<b>229</b>	<b>4,382,883</b>
Credit risk exposures relating to off-balance sheet assets are as follows:					
Guarantees and indemnities (Note 35(a))	17,275	-	-	-	17,275
Undrawn commitments (Note 35(a))	85,458	-	-	-	85,458
Acceptances and letters of credit (Note 35(a))	272,311	-	-	-	272,311
<b>As at 31 December 2016</b>	<b>375,044</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>375,044</b>

## 6 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 6.1 Credit risk (continued)

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

##### (b) Industry sectors

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

31 December 2017	Financial institutions	Manufacturing	Trading and commercial	Transport and communication	Wholesale and retail	Agriculture	Individuals	Others	Total
Balances with the Bank of Tanzania	798,007	-	-	-	-	-	-	-	798,007
Placement and balances with other banks	242,731	-	-	-	-	-	-	-	242,731
Investment in Government securities	-	-	-	-	-	-	-	-	-
- Held to maturity	496,367	-	-	-	-	-	-	-	496,367
- Loans and receivable	422,732	-	-	-	-	-	-	-	422,732
- Available for sale	870	-	-	-	-	-	-	-	870
Loans and advances to customers:									
Loans to individuals:									
- MSE	14	1,356	32,960	742	111,873	1,708	1,238	144,591	294,482
- Other consumer loans	-	-	1,573	520	4,656	47	24,477	1,070	32,343
- Salaries workers loans	5,375	348	25,848	2,602	7,321	2,978	1,411,466	110,471	1,566,409
Loans to corporate entities:									
- Corporate customers	12,962	195,648	180,923	113,377	42,519	11,001	-	53,367	609,797
- SMEs	-	4,938	31,622	2,017	113,638	2,069	1,655	36,821	192,760
- Agribusiness	-	4,579	75	-	21,562	62,076	8	2,957	91,257
Other assets (excluding prepayments)	-	-	-	-	-	-	-	32,340	32,340
<b>As at 31 December 2017</b>	<b>1,979,058</b>	<b>206,869</b>	<b>272,104</b>	<b>119,258</b>	<b>302,492</b>	<b>78,225</b>	<b>1441047</b>	<b>381,042</b>	<b>4,780,095</b>

## 6 FINANCIAL RISK MANAGEMENT (CONTINUED)

## 6.1 Credit risk (continued)

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

## (b) Industry sectors (Continued)

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

31 December 2017	Financial institutions	Manufacturing	Trading and commercial	Transport and communication	Wholesale and retail	Agriculture	Individuals	Others	Total
Guarantees and indemnities - (Note 35(a))	-	366	17,991	1,539	46,297	-	-	835	67,028
Undrawn commitments (Note 35(a))	-	34,566	18,157	1,169	6,647	37,997	575	178	99,289
Acceptances and letters of credit (Note 35(a))	-	27,237	219,942	37,826	889	2,569	-	41,865	330,329
<b>As at 31 December 2017</b>	<b>-</b>	<b>62,169</b>	<b>256,090</b>	<b>40,535</b>	<b>53,834</b>	<b>40,567</b>	<b>575</b>	<b>42,878</b>	<b>496,646</b>

## 6 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 6.1 Credit risk (continued)

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

##### (b) Industry sectors (continued)

31 December 2016	Financial institutions	Manufacturing	Trading and commercial	Transport and communication	Wholesale and retail	Agriculture	Individuals	Others	Total
Balances with the Bank of Tanzania	701,990	-	-	-	-	-	-	-	701,990
Placement and balances with other banks	137,241	-	-	-	-	-	-	-	137,241
Investment in Government securities									
Held to maturity	405,364								405,364
Loans and receivable	318,833	-	-	-	-	-	-	-	318,833
Available for sale	719	-	-	-	-	-	-	-	719
Loans and advances to customers:									
Loans to individuals:									
- MSE	74	3,513	133,205	1,211	70,638	14,466	24,277	52,532	299,916
- Salaries workers loans	88,360	-	-	-	-	-	1,572,130	16,314	1,676,804
- Other consumer loans	-	-	-	-	-	-	13,310	-	13,310
Loans to corporate entities:									
- Corporate customers	13,636	160,394	130,099	117,961	20,213	34,442	32,972	63,117	572,834
- SMEs	-	6,429	64,310	4,456	9,844	39,295	47,308	12,323	183,965
- Agribusiness	-	-	-	-	-	26,446	1,290	19,902	47,638
Other assets (excluding prepayments)	24,269	-	-	-	-	-	-	-	24,269
<b>As at 31 December 2016</b>	<b>1,690,486</b>	<b>170,336</b>	<b>327,614</b>	<b>123,628</b>	<b>100,695</b>	<b>114,649</b>	<b>1,691,287</b>	<b>164,188</b>	<b>4,382,883</b>

## 6 FINANCIAL RISK MANAGEMENT (CONTINUED)

## 6.1 Credit risk (continued)

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

(b) Industry sectors (continued) Credit risk exposures relating to off-balance sheet assets are as follows:

31 December 2016	Financial institutions	Manufacturing	Trading and commercial	Transport and communication	Wholesale and retail	Agriculture	Individuals	Others	Total
Guarantees and indemnities - (35(a))	-	11,452	-	3,882	-	-	-	1,941	17,275
Undrawn commitments (Note 35(a))	-	-	43,073	-	42,374	-	-	11	85,458
Acceptances and letters of credit (Note 35(a))	-	91,214	120,340	2,276	51,653	6,828	-	-	272,311
<b>As at 31 December 2016</b>	<b>-</b>	<b>102,666</b>	<b>163,413</b>	<b>6,158</b>	<b>94,027</b>	<b>6,828</b>	<b>-</b>	<b>1,952</b>	<b>375,044</b>

## 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 2017. Included in the table are the Bank's financial instruments at carrying amounts, categorised by currency.



## 6 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 6.2 Market risk (continued)

#### 6.2.1 Foreign exchange risk (continued)

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

As at 31 December 2017	USD Millions	EURO Millions	GBP Millions	Others Millions	Total Millions
<b>Assets</b>					
Cash and balances with Bank of Tanzania	153,073	4,843	625	88	158,629
Placement and balances with other banks	130,752	9,980	6,396	724	147,852
Loans and advances to customers	255,741	-	-	-	255,741
Other assets (excluding prepayments)	797	27	-	-	824
<b>Total financial assets</b>	<b>540,363</b>	<b>14,850</b>	<b>7,021</b>	<b>812</b>	<b>563,046</b>
<b>Liabilities</b>					
Deposits from customers	309,063	12,868	794	-	322,725
Long term borrowing	192,064	-	-	-	192,064
Other liabilities (excluding non-financial other liabilities)	3,408	4	2	-	3,414
<b>Total financial liabilities</b>	<b>504,535</b>	<b>12,872</b>	<b>796</b>	<b>-</b>	<b>518,203</b>
<b>Net on-balance sheet financial position</b>	<b>35,828</b>	<b>1,978</b>	<b>6,225</b>	<b>812</b>	<b>44,843</b>
<b>Off balance sheet position</b>					
Guarantee and indemnities	16,500	19	-	-	16,519
Undrawn commitments	40,821	-	-	-	40,821
Acceptance and letters of credit	311,154	13,211	1,375	648	326,388
	<b>368,475</b>	<b>13,230</b>	<b>1,375</b>	<b>648</b>	<b>383,728</b>

## 6 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 6.2 Market risk (continued)

#### 6.2.1 Foreign exchange risk (continued)

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

As at 31 December 2016	USD Millions	EURO Millions	GBP Millions	Others Millions	Total Millions
<b>Assets</b>					
Cash and balances with Bank of Tanzania	91,993	4,332	592	8	96,925
Placement and balances with other banks	107,540	4,937	3,436	376	116,289
Loans and advances to customers	219,154	-	-	-	219,154
Other assets (excluding prepayment)	304	-	-	-	304
<b>Total financial assets</b>	<b>418,991</b>	<b>9,269</b>	<b>4,028</b>	<b>384</b>	<b>432,672</b>
<b>Liabilities</b>					
Deposits from customers	184,662	7,258	1,315	-	193,235
Deposits from banks	10,971	-	-	-	10,971
Long term borrowing	235,420	-	-	-	235,420
Other liabilities (excluding non-financial other liabilities)	1,206	1,892	-	-	3,098
<b>Total financial liabilities</b>	<b>432,259</b>	<b>9,150</b>	<b>1,315</b>	<b>-</b>	<b>442,724</b>
<b>Net on-balance sheet financial position</b>	<b>(8,016)</b>	<b>119</b>	<b>2,713</b>	<b>383</b>	<b>4,801</b>
<b>Off balance sheet position</b>					
Guarantee and indemnities	3,204	4	-	-	3,208
Undrawn commitments	40,920	-	-	-	40,920
Acceptance and letters of credit	244,841	27,470	-	-	272,311
	<b>288,965</b>	<b>27,474</b>	<b>-</b>	<b>-</b>	<b>316,439</b>

## 6 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 6.2 Market risk (continued)

#### 6.2.1 Foreign exchange risk (continued)

##### Foreign exchange sensitivity analysis

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

	% change in exchange rate	2017 TZS Million	2016 TZS Million
USD	10%	3,583	802
EURO	10%	198	12
GBP	10%	623	271

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

#### 6.2.2 Interest rate risk

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

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

## 6 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 6.2 Market risk (continued)

#### 6.2.2 Interest rate risk (continued)

As at 31 December 2017	Up to 1 month TZS Millions	1 - 3 months TZS Millions	3 - 12 months TZS Millions	1 - 5 years TZS Millions	Over 5 years TZS Millions	Non-interest bearing TZS Millions	Total TZS Millions
<b>Assets</b>							
Cash and balances with Bank of Tanzania	-	-	-	-	-	1,156,322	1,156,322
Investment in Government securities							
Held-to-maturity	29,545	30,876	127,132	284,478	24,336	-	496,367
Loans and receivable	28,675	46,328	347,729	-	-	-	422,732
- Available for sale	-	870	-	-	-	-	870
Placement and balances with other banks	228,104	14,521	-	-	-	-	242,625
Loans and advances to customers	146,528	185,294	574,378	1,726,937	153,911	-	2,787,048
Equity Investments	-	-	-	-	-	1,740	1,740
Other assets (excluding prepayments)	-	-	-	-	-	32,340	32,340
<b>Total financial assets</b>	<b>432,852</b>	<b>277,889</b>	<b>1,049,239</b>	<b>2,011,415</b>	<b>178,247</b>	<b>1,190,402</b>	<b>5,140,044</b>
<b>Liabilities</b>							
Deposits from customers	84,332	161,754	232,068	3,973	-	3,790,022	4,272,149
Deposit from banks	149	-	-	-	-	-	149
Long term borrowing	-	28,261	83,655	225,014	-	-	336,930
Other liabilities (excluding non-financial other liabilities)	-	-	-	-	-	77,777	77,777
<b>Total financial liabilities</b>	<b>84,481</b>	<b>190,015</b>	<b>315,723</b>	<b>228,987</b>	<b>-</b>	<b>3,867,799</b>	<b>4,687,005</b>
<b>Total interest repricing gap</b>	<b>348,371</b>	<b>87,874</b>	<b>733,516</b>	<b>1,782,428</b>	<b>178,247</b>	<b>-</b>	<b>-</b>

## 6 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 6.2 Market risk (continued)

#### 6.2.2 Interest rate risk (continued)

As at 31 December 2016	Up to 1 month TZS Millions	1 - 3 months TZS Millions	3 - 12 months TZS Millions	1 - 5 years TZS Millions	Over 5 years TZS Millions	Non-interest bearing TZS Millions	Total TZS Millions
<b>Assets</b>							
Cash and balances with Bank of Tanzania	-	-	-	-	-	950,181	950,181
Investment in Government securities							
Held to maturity	51,849	17,144	74,946	261,425	-	-	405,364
Loans and receivable	26,847	121,607	170,379	-	-	-	318,833
Available for sale	-	-	-	719	-	-	719
Placement and balances with other banks	137,241	-	-	-	-	-	137,241
Loans and advances to customers	61,446	52,745	555,454	2,024,771	100,051	-	2,794,467
Equity Investments	-	-	-	-	1,740	-	1,740
Other assets (excluding prepayments)	-	-	-	-	-	24,269	24,269
<b>Total financial assets</b>	<b>277,383</b>	<b>191,496</b>	<b>800,779</b>	<b>2,286,915</b>	<b>101,791</b>	<b>974,450</b>	<b>4,632,814</b>
<b>Liabilities</b>							
Deposits from customers	50,713	170,654	288,356	3,714	-	3,223,967	3,737,404
Deposit from banks	11,176	-	-	-	-	-	11,176
Long term borrowing	-	-	74,564	278,239	-	-	352,803
Other liabilities (excluding non-financial other liabilities)	-	-	-	-	-	72,932	72,932
<b>Total financial liabilities</b>	<b>61,889</b>	<b>170,654</b>	<b>362,920</b>	<b>281,953</b>	<b>-</b>	<b>3,296,899</b>	<b>4,174,315</b>
<b>Total interest repricing gap</b>	<b>215,494</b>	<b>(31,903)</b>	<b>437,859</b>	<b>2,004,963</b>	<b>101,791</b>	<b>-</b>	<b>-</b>

## 6 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 6.2 Market risk (continued)

#### 6.2.2 Interest rate risk (continued)

##### Interest rate risk sensitivity

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

Sensitivity period	Weighted average	Net Interest Bearing Funding	Net position	Impact
<b>2017</b>				
Less than 30 days	(10,823)	(259,759)	248,936	(2,489)
1 year	(1,292,111)	(6,644)	(1,285,467)	12,855
<b>2016</b>				
Less than 30 days	5,387	129,294	123,907	2,478
1 year	453,963	182,841	271,122	5,422

### 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 fulfill 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 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 6.3 Liquidity risk (continued)

#### 6.3.2 Funding approach

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

#### 6.3.3 Non-derivative cash flows

The table below presents the cash flows payable by the Bank under non-derivative financial liabilities by remaining contractual maturities at the end of reporting period. The amounts disclosed in the table below are the undiscounted cash flows. The impact of cash outflow due to interest is not significant as deposits that attract interest are bonus, fixed deposits and junior account. As at 31 December 2017, the interest bearing deposits had a balance of TZS 482,363 million (2016: TZS 513,437 million).

	Up to 1 month TZS millions	1 - 3 months TZS millions	3 - 12 months TZS millions	Over 1 year TZS millions	Total TZS millions
<b>As at 31 December 2017</b>					
<b>Liabilities</b>					
Deposits from customers	3,882,340	220,528	582,539	33,902	4,719,309
Placements and balances from other banks	149	-	-	-	149
Long term borrowing*	-	34,328	71,112	304,224	409,664
Other liabilities (excluding non-financial liabilities)	77,777	-	-	-	77,777
<b>Total liabilities</b>	<b>3,960,266</b>	<b>254,856</b>	<b>653,651</b>	<b>338,126</b>	<b>5,206,899</b>
<b>Assets held for managing liquidity</b>	<b>1,623,254</b>	<b>277,889</b>	<b>1,049,239</b>	<b>2,189,662</b>	<b>5,140,044</b>
<b>As at 31 December 2016</b>					
<b>Liabilities</b>					
Deposits from customers	3,280,089	246,711	726,009	15,134	4,267,942
Placements and balances with other banks	11,176	-	-	-	11,176
Long term borrowing*	-	21,920	118,598	357,852	498,370
Other liabilities (excluding non-financial liabilities)	72,932	-	-	-	72,932
<b>Total liabilities</b>	<b>3,364,197</b>	<b>268,631</b>	<b>844,607</b>	<b>372,986</b>	<b>4,850,420</b>
<b>Assets held for managing liquidity</b>	<b>809,132</b>	<b>183,219</b>	<b>773,347</b>	<b>2,451,265</b>	<b>4,216,963</b>

\* Includes interest payable on the loan up to its maturity date as per repayment schedule. The amount is determined by using the exchange rate and LIBOR rate at year-end.

#### 6.3.4 Assets held for managing liquidity risk

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

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

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

## 6 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 6.4 Off-balance sheet items

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

The dates of the contractual amounts of the Bank's off-balance sheet financial instruments that commit it to extend credit to customers and other facilities (Note 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	Total TZS Millions
<b>As at 31 December 2017</b>			
Guarantee and indemnities	33,048	33,980	67,028
Undrawn commitments	99,289	-	99,289
Acceptance and letter of credit	301,183	29,146	330,329
<b>Total</b>	<b>433,520</b>	<b>63,126</b>	<b>496,646</b>
<b>As at 31 December 2016</b>			
Guarantee and indemnities	16,665	610	17,275
Undrawn commitments	85,458	-	85,458
Acceptance and letter of credit	272,311	-	272,311
<b>Total</b>	<b>374,434</b>	<b>610</b>	<b>375,044</b>

### 6.5 Fair value of financial assets and liabilities

#### 6.5.1 Fair value estimation

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

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

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

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

There were no transfers between the levels during the year.

## 6 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 6.5 Fair value of financial assets and liabilities (continued)

#### 6.5.1 Fair value estimation (continued)

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		Hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Relationship of unobservable input to fair value
	2017 TZS Millions	2016 TZS Millions				
Investment in government securities	870	719	Level 2	Market observable inputs	N/A	N/A

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

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

#### Cash and balances with Bank of Tanzania

The carrying amount of cash and balances with Bank of Tanzania is a reasonable approximation of fair value

#### Investment in government securities

Investment in government securities includes treasury bonds and treasury bills. The fair value of government securities has been determined by discounting the estimated future cash flows expected cash flows at current market yields as observed from rates of similar bills and bonds traded by Bank of Tanzania.

#### Loans and advances to banks

Loans and advances to banks include inter-bank placements and items in the course of collection.

The carrying amount of floating rate placements and overnight advances is a reasonable approximation of fair value. The estimated fair value of fixed interest bearing advances is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity.

#### Loans and advances to customers

Loans and advances are net of charges for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

#### Deposits from banks and customers

The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is the amount repayable on demand.

The estimated fair value of fixed interest-bearing deposits not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity

#### Borrowings

Significant portion of borrowing is benchmarked to LIBOR and therefore reprices at balance sheet date. Management has considered the impact of borrowings with fixed interest rate as insignificant to the total fair value of borrowings. The fair value of borrowings therefore approximates its carrying value.

## 6 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 6.5 Fair value of financial assets and liabilities (continued)

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

GROUP	Hierarchy level	Carrying amount		Fair value	
		2017 TZS Millions	2016 TZS Millions	2017 TZS Millions	2016 TZS Millions
Financial assets					
Cash and balances with Bank of Tanzania		1,156,329	950,181	1,156,329	950,181
	Level 2				
Government securities - held to maturity (Treasury bonds)	Level 1	496,367	405,364	499,928	318,861
Government securities – Loans and receivable (Treasury bills)	Level 2	422,732	318,833	429,108	361,844
Placement and balances with other banks	Level 2	242,731	137,241	242,731	137,241
Loans and advances to customers	Level 3	2,771,732	2,774,464	2,771,572	2,758,017
Other assets (excluding prepayment)	Level 3	40,116	29,083	40,116	29,083
		<b>5,130,007</b>	<b>4,615,166</b>	<b>5,139,784</b>	<b>4,555,227</b>
Financial liabilities					
Deposits from customers	Level 3	4,272,058	3,737,211	4,272,058	3,737,211
Deposits from banks	Level 2	149	11,176	149	11,176
Borrowings	Level 3	336,930	352,803	336,930	352,803
Other liabilities (Excluding non-financial other liabilities)	Level 3	79,793	74,302	79,793	74,302
		<b>4,688,930</b>	<b>4,175,492</b>	<b>4,688,930</b>	<b>4,175,492</b>

There was no transfer of assets between the fair value hierarchy levels.

## 6 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 6.5 Fair value of financial assets and liabilities (continued)

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

BANK	Hierarchy level	Carrying amount		Fair value	
		2017 TZS Millions	2016 TZS Millions	2017 TZS Millions	2016 TZS Millions
Financial assets					
Cash and balances with Bank of Tanzania	Level 2	1,156,322	950,181	1,156,322	950,181
Government securities - held to maturity (Treasury bonds)	Level 1	496,367	405,364	499,928	318,861
Government securities – Loans and receivable (Treasury bills)	Level 2	422,732	318,833	429,108	361,844
Placement and balances with other banks	Level 2	242,731	137,241	242,731	137,241
Loans and advances to customers	Level 3	2,787,048	2,794,467	2,786,888	2,778,020
Other assets (Excluding prepayment)	Level 3	32,340	24,269	32,340	24,269
		<b>5,105,200</b>	<b>4,630,355</b>	<b>5,114,977</b>	<b>4,570,416</b>
Financial liabilities					
Deposits from customers	Level 3	4,272,149	3,737,404	4,272,149	3,737,404
Deposits from banks	Level 2	149	11,176	149	11,176
Borrowings	Level 3	336,930	352,803	336,930	352,803
Other liabilities (Excluding non-financial other liabilities)	Level 3	77,777	72,932	77,777	72,932
		<b>4,687,005</b>	<b>4,174,315</b>	<b>4,687,005</b>	<b>4,174,315</b>

There was no transfer of assets between the fair value hierarchy levels.

## 6 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 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:

- (a) Hold a minimum level of core capital of TZS 15 billion;
- (b) Maintain a ratio of core capital to the risk-weighted assets plus risk-weighted off balance sheet assets or above the required minimum of 10%; and
- (c) Maintain total capital of not less than 12% of risk-weighted assets plus risk-weighted off-balance sheet items.
- (d) Maintain a capital conservation buffer of 2.5% of risk-weighted assets and off balance sheet exposures from August 2017. The capital conservation buffer is be made up of items that qualify as tier 1 capital.

When a bank is holding capital conservation buffer of less than 2.5% of risk-weighted assets and off balance sheet exposures but is meeting its minimum capital requirements that bank:

- Shall not be distribute dividends to shareholders or bonuses to senior management and other staff members until the buffer is restored to at least 2.5%;
- Shall submit a capital restoration plan to Bank of Tanzania within a period specified by BoT, indicating how the bank is going to raise capital to meet its minimum requirement including capital conservation buffer within a specified period of time; and
- In the event that BoT does not approve the capital restoration plan, it may direct the bank to raise additional capital within a specified time period in order to restore its capital conservation buffer.



## 6 FINANCIAL RISK MANAGEMENT (CONTINUED)

## 6.6 Capital management (continued)

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

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

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 2017 and year ended 31 December 2016. During those two periods, the Bank complied with all of the externally imposed capital requirements to which they are subject.

	Note	2017 TZS Millions	2016 TZS Million
<b>Tier 1 capital</b>			
Share capital		20,000	20,000
Retained earnings	23(b)	762,047	708,045
Less: Prepaid expenses	25	(24,540)	(20,110)
Less: Intangible assets	26	(19,901)	(15,461)
Less: Deferred tax assets		(43,116)	(27,513)
<b>Total qualifying Tier 1 capital</b>		<b>694,490</b>	<b>664,961</b>
<b>Tier 2 capital</b>			
General risk reserve		26,849	26,385
Fair valuation reserve		(127)	(194)
<b>Total qualifying Tier 2 capital</b>		<b>26,722</b>	<b>26,191</b>
<b>Total regulatory capital</b>		<b>721,212</b>	<b>718,022</b>

## 6 FINANCIAL RISK MANAGEMENT (CONTINUED)

## 6.6 Capital management (continued)

	Note	2017 TZS Millions	2016 TZS Million
<b>Risk-weighted assets</b>			
On-balance sheet		3,213,078	3,160,728
Off-balance sheet	35(a)	399,933	353,610
Market risk		8,910	5,280
Operational risk*		492,223	-
<b>Total risk-weighted assets</b>		<b>4,114,144</b>	<b>3,519,618</b>

	Required ratio (%)	2017 Bank's ratio (%)	2016 Bank's ratio (%)
Tier 1 capital	12.5	16.9	18.9
Tier 1 + Tier 2 capital	14.5	17.5	20.6

The increase in the total regulatory capital in the 2017 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 2017.

\*Effective from August 2017, all Banks are required to compute capital charge for operational risk using Basic Indicator approach (BIA) prescribed under Basel II by capping net interest income to 3.5% of interest earning assets.

## 7 INTEREST AND SIMILAR INCOME

	2017 TZS Millions	2016 TZS Millions
<b>(a) GROUP</b>		
Loans and advances to customers	467,636	439,141
Government securities	115,103	107,251
Placements and balances with other banks	2,773	2,601
	<b>585,512</b>	<b>548,993</b>
<b>(b) BANK</b>		
Loans and advances to customers	469,116	441,182
Government securities	115,103	107,251
Placements and balances with other banks	2,773	2,601
	<b>586,992</b>	<b>551,034</b>

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

## 8 INTEREST AND SIMILAR EXPENSES (GROUP AND BANK)

	2017 TZS Millions	2016 TZS Millions
Deposits from customers		
- Time deposits	46,783	33,026
- Current accounts	31,013	27,425
- Saving deposits	17,458	15,331
Deposits due to other banks	641	9,385
Borrowings from financial institutions	19,013	14,092
NMB bond	5,383	2,935
	<b>120,291</b>	<b>102,194</b>

## 9 NET FEES AND COMMISSION INCOME (GROUP AND BANK)

<b>Fees and commission income</b>		
Credit related fees and commissions	36,646	37,566
Other fees	49,823	40,828
ATM fees and card issuing	23,746	24,307
Maintenance fees	22,455	21,715
Teller withdrawal fees	10,334	8,586
Commission - mobile banking	8,309	6,620
Government service fees	3,567	4,000
	<b>154,880</b>	<b>143,622</b>
<b>Fees and commission expense</b>		
Financial charges	(17,549)	(13,758)
<b>Net fees and commission income</b>	<b>137,331</b>	<b>129,864</b>

## 10 FOREIGN EXCHANGE INCOME

<b>(a) GROUP</b>		
Foreign currency trading	17,389	15,419
<b>(b) BANK</b>		
Foreign currency trading	17,759	15,419

## 11 OTHER INCOME (GROUP AND BANK)

	2017 TZS Millions	2016 TZS Millions
Bad debts recovery	3,008	3,769
Miscellaneous income	856	1,875
Profit on disposal of property and equipment	204	390
Rental income	19	23
Grant income	44	-
Dividend on equity investments	24	-
	<b>4,155</b>	<b>6,057</b>

## 12 EMPLOYEE BENEFIT EXPENSE (GROUP AND BANK)

Salaries and allowances	91,582	86,122
Other emoluments	49,390	49,673
Pension costs - defined contribution plan	13,714	12,896
	<b>154,686</b>	<b>148,691</b>

## 13 OTHER OPERATING EXPENSES

<b>(a) GROUP</b>		
Administrative expenses	58,840	65,887
Operating lease rent	17,561	12,830
Utilities	18,500	18,534
Security expenses	10,413	8,841
Marketing and advertising expenses	7,841	10,815
Repairs and maintenance	39,442	36,949
Travelling expenses	10,089	10,488
Management contract expenses	2,752	4,674
Other expenses	869	531
Auditors' remuneration	732	775
Directors' remuneration:		
- Others	198	153
- Fees	135	124
	<b>167,372</b>	<b>170,601</b>

### 13 OTHER OPERATING EXPENSES (CONTINUED)

	2017 TZS Millions	2016 TZS Millions
<b>(b) BANK</b>		
Administrative expenses	64,572	64,933
Operating lease rent	17,561	19,138
Utilities	18,500	18,534
Security expenses	10,413	8,841
Marketing and advertising expenses	7,841	10,815
Repairs and maintenance	39,442	36,949
Travelling expenses	10,089	10,488
Management contract expenses	2,752	4,674
Other expenses	869	531
Auditors' remuneration	732	775
Directors' remuneration:		
- Others	198	153
- Fees	135	124
	<b>173,104</b>	<b>175,955</b>

### 14 DEPRECIATION AND AMORTISATION

<b>(a) GROUP</b>		
Depreciation of property and equipment (Note 24)	25,118	20,254
Amortization of intangible assets (Note 25)	6,110	4,601
	<b>31,228</b>	<b>24,855</b>
<b>(b) BANK</b>		
Depreciation of property and equipment (Note 24)	23,147	19,269
Amortization of intangible assets (Note 25)	6,110	4,601
	<b>29,257</b>	<b>23,870</b>

## 15 CURRENT INCOME TAX (GROUP AND BANK)

### a) INCOME TAX EXPENSE - GROUP

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

	2017 TZS Millions	2016 TZS Millions
<b>Current tax:</b>		
In respect of current year	60,058	72,376
<b>Deferred tax:</b>		
In respect of current year (Note 26)	(16,236)	(4,160)
In respect of prior year (Note 26)	383	(617)
Potential deferred tax credit - UJVC	-	(795)
Deferred tax asset in UJVC not recognised	-	795
	<b>(15,853)</b>	<b>(4,777)</b>
	<b>44,205</b>	<b>67,599</b>

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

	2017 TZS Millions	2016 TZS Millions
<b>Reconciliation of account profit to tax charge:</b>		
Profit before income tax	139,814	223,752
Tax calculated at the statutory income tax rate of 30% (2016: 30%)	41,944	67,126
Tax effect of:		
Depreciation on non-qualifying assets	498	-
Expenses not deductible for tax purposes	2,157	1,885
Alternative minimum tax - UJVC	18	-
Potential deferred tax not recognised	-	(795)
Recognition of prior year deferred tax in UJVC	(795)	-
Net under provision of deferred tax in prior year	383	(617)
<b>Income tax expense</b>	<b>44,205</b>	<b>67,599</b>



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

### b) INCOME TAX EXPENSE - BANK

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

	2017 TZS Millions	2016 TZS Millions
<b>Current tax:</b>		
In respect of current year	60,040	72,376
<b>Deferred tax:</b>		
In respect of current year (Note 26)	(16,014)	(4,160)
In respect of prior year (Note 26)	383	(617)
	<b>(15,631)</b>	<b>(4,777)</b>
	<b>44,409</b>	<b>67,599</b>

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

	2017 TZS Millions	2016 TZS Millions
<b>Reconciliation of account profit to tax charge:</b>		
Profit before income tax	137,903	221,424
Tax calculated at the statutory income tax rate of 30% (2016: 30%)	41,371	66,427
Tax effect of:		
Depreciation on non-qualifying assets	498	-
Expenses not deductible for tax purposes	2,157	1,789
Net under provision of deferred tax in prior year	383	(617)
<b>Income tax expense</b>	<b>44,409</b>	<b>67,599</b>

the subsidiary accumulated loss position, therefore its current tax charge has been determined as 0.3% of the revenue. During the year, the subsidiary recognized its deferred tax asset.

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

### c) CURRENT TAX ASSETS - GROUP

	2017 TZS Millions	2016 TZS Millions
At start of the year	891	2,387
Current year tax expense	(60,058)	(72,376)
Tax paid	61,072	70,880
<b>Tax recoverable</b>	<b>1,905</b>	<b>891</b>
<b>d) CURRENT TAX ASSETS - BANK</b>		
At start of the year	891	2,387
Current year tax expense	(60,040)	(72,376)
Tax paid	61,072	70,880
<b>Tax recoverable</b>	<b>1,923</b>	<b>891</b>

## 16 EARNINGS PER SHARE (GROUP AND BANK)

### a) 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:

	2017 TZS Millions	2016 TZS Millions
Net profit attributable to shareholders	95,320	155,850
Weighted average number of shares in issue in millions (Note 31)	500	500
<b>Basic and diluted earnings per share</b>	<b>190.64</b>	<b>311.70</b>
<b>b) BANK</b>		
Net profit attributable to shareholders	93,494	153,825
Weighted average number of shares in issue in millions (Note 31)	500	500
<b>Basic and diluted earnings per share</b>	<b>186.99</b>	<b>307.65</b>

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 64 per share, amounting to TZS 32,000 million out of 2017 profit. In 2016, 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)

	2017 TZS Millions	2016 TZS Millions
Cash in hand		
- local currency	315,670	219,282
- foreign currency	42,652	28,909
Balances with Bank of Tanzania		
- local currency	285,371	244,132
- foreign currency	115,970	68,016
Statutory Minimum Reserves (SMR)*	396,659	389,842
	<b>1,156,322</b>	<b>950,181</b>
<b>Current</b>	<b>1,156,322</b>	<b>950,181</b>

\*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)

	2017 TZS Millions	2016 TZS Millions
Balances with banks abroad	144,713	68,459
Placement with local banks		
- local currency	94,879	19,518
- foreign currency	3,139	47,830
Cheques and items for clearing from other banks	-	1,435
	<b>242,731</b>	<b>137,241</b>
<b>Current</b>	<b>242,731</b>	<b>137,241</b>

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

	2017 TZS Millions	2016 TZS Millions
<b>Loans and advances to customers</b>		
<b>Retail customers</b>		
Salaried workers loans (SWL)	1,582,062	1,697,667
MSE customers	302,345	304,828
Other consumer loans	32,817	13,477
	<b>1,917,224</b>	<b>2,015,972</b>
<b>Corporate entities</b>		
Large corporate entities	662,631	561,461
SMEs	200,819	187,042
	<b>863,450</b>	<b>748,503</b>
<b>Agribusiness loans</b>	96,007	62,736
Gross loans and advances to customers	2,876,681	2,827,211
Less: allowance for impairment	(104,949)	(52,747)
<b>Net loans and advances to customers</b>	<b>2,771,732</b>	<b>2,774,464</b>

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

	2017 TZS Millions	2016 TZS Millions
<b>Analysis of loans and advances to customers by maturity</b>		
Maturing:		
Within 1 year	906,200	669,645
Between 1 year and 5 years	1,711,621	2,077,518
Over 5 years	153,911	27,301
	<b>2,771,732</b>	<b>2,774,464</b>

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

	2017 TZS Millions	2016 TZS Millions
<b>Loans and advances to customers</b>		
<b>Retail customers</b>		
Salaried workers loans	1,582,062	1,697,667
MSE customers	302,345	304,828
Other consumer loans	32,817	13,477
	<b>1,917,224</b>	<b>2,015,972</b>
<b>Corporate entities</b>		
Large corporate entities	677,947	581,464
SMEs	200,819	187,042
	<b>878,766</b>	<b>768,506</b>
<b>Agribusiness loans</b>	<b>96,007</b>	<b>62,736</b>
Gross loans and advances to customers	2,891,997	2,847,214
Less: allowance for impairment	(104,949)	(52,747)
Net loans and advances to customers	<b>2,787,048</b>	<b>2,794,467</b>

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

	2017 TZS Millions	2016 TZS Millions
<b>Analysis of loans and advances to customers by maturity</b>		
Maturing:		
Within 1 year	906,200	669,645
Between 1 year and 5 years	1,726,937	2,024,771
Over 5 years	153,911	100,051
	<b>2,787,048</b>	<b>2,794,467</b>

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

Movement in the allowance account for losses on loans:	Corporate TZS Millions	MSE TZS Millions	SME TZS Millions	SWL TZS Millions	Other consumer loans TZS Millions	Agribusi- ness TZS Millions	Total TZS Millions
At 1 January 2017	8,630	4,912	3,077	20,863	167	15,098	52,747
Increase in allowance for loan impairment*	59,520	8,241	7,204	48,580	2,119	5,332	130,996
Write-offs	-	(5,290)	(2,222)	(53,790)	(1,812)	(15,680)	(78,794)
<b>At 31 December 2017</b>	<b>68,150</b>	<b>7,863</b>	<b>8,059</b>	<b>15,653</b>	<b>474</b>	<b>4,750</b>	<b>104,949</b>
At 1 January 2016	6,449	3,106	2,678	11,602	93	12,296	36,224
Increase in allowance for loan impairment	2,181	3,998	2,375	17,850	142	3,694	30,240
Write-offs	-	(2,192)	(1,976)	(8,589)	(68)	(892)	(13,717)
<b>At 31 December 2016</b>	<b>8,630</b>	<b>4,912</b>	<b>3,077</b>	<b>20,863</b>	<b>167</b>	<b>15,098</b>	<b>52,747</b>

\*Increase in allowance for loans impairment has been mainly caused by dismissal of civil servants with forged academic records in the first half of 2017, of which a portion have unsecured personal facilities with the Bank coupled with the inability of some corporate and business clients to honour their loan obligations. For agribusiness loans increase has resulted from unfavorable weather conditions that occurred in the last season.

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

	2017 TZS Millions	2016 TZS' Millions
<b>Treasury Bills</b>		
Maturing within 91 days	202,161	148,454
Maturing after 91 days	220,571	170,379
	<b>422,732</b>	<b>318,833</b>
Current	<b>422,732</b>	<b>318,833</b>



## 21(b) INVESTMENT IN GOVERNMENT SECURITIES - HELD TO MATURITY (GROUP AND BANK)

	2017 TZS Millions	2016 TZS Millions
<b>Treasury Bonds:</b>		
Maturing within 91 days	42,854	68,993
Maturing after 91 days	425,998	309,065
	<b>468,852</b>	<b>378,058</b>
<b>Recapitalisation Bond:</b>		
Maturing within 91 days	12,015	-
Maturing after 91 days	15,500	27,306
	<b>496,367</b>	<b>405,364</b>
Current	187,622	79,640
Non-current	308,745	325,724
	<b>496,367</b>	<b>405,364</b>

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 13.3% (2016: 16.7%).

There are no investment securities pledged as collateral for borrowing.

	2017 TZS Millions	2016 TZS Millions
<b>The movement in investment securities may be summarized as follows:</b>		
<b>At 1 January</b>	724,197	672,540
Additions	886,571	570,864
Matured securities	(691,669)	(519,207)
<b>At 31 December</b>	<b>919,099</b>	<b>724,197</b>

## 21(c) INVESTMENT IN GOVERNMENT SECURITIES AVAILABLE FOR SALE (GROUP AND BANK)

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

	2017 TZS Millions	2016 TZS Millions
<b>At 1 January</b>	719	729
Accrued interest	37	36
Gain/(Loss) on fair valuation of securities*	95	(46)
Accrued interest	19	-
<b>At 31 December</b>	<b>870</b>	<b>719</b>

\*The deferred income tax asset on fair value gain/(loss) on available for sale financial assets was assessed to be immaterial.

## 22 EQUITY INVESTMENTS

## (a) GROUP

Investment at available for sale	2017 TZS' Millions	% Share- holding	2016 TZS Millions	% Share- holding
<b>Company name</b>				
Tanzania Mortgage Refinance Company Limited (TMRC)	<b>1,740</b>	15.06	<b>1,740</b>	15.06

TMRC is a private company and there is no quoted market price available for the shares.

## (b) BANK

The Bank has equity investments in TMRC and a subsidiary named Upanga Joint Venture Company Limited.

## (i) Investment in subsidiaries

Investment at available for sale	2017 TZS Millions	% Share- holding	2016 TZS Millions	% Share- holding
<b>Company name</b>				
Upanga Joint Venture Company Limited	<b>39,639</b>	88	<b>39,639</b>	88

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

There are no restrictions to the Bank in gaining access or use of assets of the subsidiary and settling liabilities of the Group.

The subsidiary listed above has share capital consisting solely of ordinary shares. The country of incorporation; the United Republic of Tanzania is also their principle place of business.

There were no significant judgements and assumptions made in determining the Bank's interest on subsidiary.

Set out below is the summarised financial information of Upanga Joint Venture Company Limited ("UJVC Limited"), a subsidiary of the Bank.

*Summarised statement of financial position*

	2017 TZS Millions	2016 TZS Millions
<b>Current</b>		
Total current assets	6,951	7,054
Current liabilities	(6,146)	(7,094)
<b>Total net current liabilities</b>	<b>(268)</b>	<b>(45)</b>
<b>Non-current</b>		
Assets	40,288	42,037
Liabilities	(10,211)	(13,225)
<b>Total non-current net assets</b>	<b>30,077</b>	<b>28,812</b>
<b>Total net assets</b>	<b>29,809</b>	<b>28,767</b>

## 22 EQUITY INVESTMENTS (CONTINUED)

### (i) Investment in subsidiaries (continued)

#### (b) BANK (CONTINUED)

Summarised statement of comprehensive income

	2017 TZS Millions	2016 TZS Millions
Revenue	6,002	5,858
Cost of sales	(109)	(218)
Finance costs	(1,480)	(2,042)
Administrative expenses	(2,132)	(1,051)
Gain/(Loss) on foreign exchange	(370)	(220)
Tax credit	204	-
<b>Profit after tax</b>	<b>2,114</b>	<b>2,327</b>
<b>Allocated to non- controlling interest</b>	<b>261</b>	<b>303</b>

Non-controlling interests have no protective rights that can significantly restrict the NMB's ability to access or use the assets and settle the liabilities of the group.

Summarised cash flows

	2017 TZS Millions	2016 TZS Millions
Net cash generated in operations	6,065	3,560
Net cash used in Investing activities	-	(1,972)
Net cash used in financing activities	(6,167)	(4,469)
Net (decrease)/ increase in cash and cash equivalents	(102)	(2,881)
Cash and cash equivalents at start of the year	193	3,073
<b>Cash and cash equivalents at end of the year</b>	<b>91</b>	<b>192</b>

### (ii) Investment at Available for sale

	2017 TZS Millions	% Share holding	2016 TZS Millions	% Share holding
<b>Company name</b>				
Tanzania Mortgage Refinance Company Ltd	<b>1,740</b>	15.06	<b>1,740</b>	15.06

## 23 OTHER ASSETS

### (i) Investment in subsidiaries (continued)

#### (a) GROUP

	2017 TZS Millions	2016 TZS Millions
Prepayments	24,616	20,110
Service fees receivable	5,551	6,985
Staff imprest	42	19
Other receivables	35,106	22,487
Less: impairment allowance for other receivables	(582)	(408)
	64,733	49,193
Current	64,733	47,042
Non-current	-	2,151
	64,733	49,193
The movement in provision for impairment of other assets is as follows:		
At start of the year	(408)	(942)
(Charge)/Release of provision	(174)	534
<b>At end of year</b>	<b>(582)</b>	<b>(408)</b>
<b>(b) BANK</b>		
Prepayments	24,540	20,114
Service fees receivable	5,551	6,985
Staff advance	42	19
Other receivables	27,329	17,673
Less: Allowance for impairment of other receivables	(582)	(408)
	56,880	44,383
Current	56,880	42,232
Non-current	-	2,151
At end of the year	56,880	44,383
The movement in allowance for impairment of other receivables is as follows:		
At start of the year	(408)	(942)
(Charge)/Release of provision	(174)	534
<b>At end of the year</b>	<b>(582)</b>	<b>(408)</b>

Other assets have not been pledged as security for liabilities.

## 24 PROPERTY AND EQUIPMENT

### (a) 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
<b>Year ended 31 December 2017</b>						
<b>COST</b>						
At 1 January 2017	102,571	32,679	13,590	112,768	122,480	384,088
Additions	-	-	-	10,420	34,875	45,295
Transfers from work in progress	-	-	3,477	23,287	(26,764)	-
Transfer from prepayments	-	-	318	-	-	318
Disposal	-	-	(452)	(13,860)	-	(14,312)
<b>At 31 December 2017</b>	<b>102,571</b>	<b>32,679</b>	<b>16,933</b>	<b>132,615</b>	<b>130,591</b>	<b>415,389</b>
<b>DEPRECIATION</b>						
At 1 January 2017	19,195	17,143	8,043	83,027	-	127,408
Charge for the year	4,755	2,484	2,657	15,222	-	25,118
Disposal	-	-	(452)	(13,841)	-	(14,293)
<b>At 31 December 2017</b>	<b>23,950</b>	<b>19,627</b>	<b>10,248</b>	<b>84,408</b>	<b>-</b>	<b>138,233</b>
<b>NET BOOK VALUE</b>						
<b>At 31 December 2017</b>	<b>78,621</b>	<b>13,052</b>	<b>6,685</b>	<b>48,207</b>	<b>130,591</b>	<b>277,156</b>

The capital work in progress relates to the on going projects of branch remodelling and equipment for new data centre and network equipment at Head office. No property and equipment of the Group and Bank has been pledged as security for liabilities.

## 24 PROPERTY AND EQUIPMENT (CONTINUED)

### (a) GROUP (CONTINUED)

	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
<b>Year ended 31 December 2016</b>						
<b>COST</b>						
At 1 January 2016	59,551	20,672	10,230	90,403	121,080	301,936
Additions	1,972			9,931	70,817	82,720
Transfers from work in progress	41,048	12,007	3,896	12,466	(69,417)	-
Disposal	-	-	(536)	(32)	-	(568)
<b>At 31 December 2016</b>	<b>102,571</b>	<b>32,679</b>	<b>13,590</b>	<b>112,768</b>	<b>122,480</b>	<b>384,088</b>
<b>DEPRECIATION</b>						
At 1 January 2016	15,243	13,687	6,138	72,651	-	107,719
Charge for the year	3,952	3,456	2,441	10,405	-	20,254
Disposal	-	-	(536)	(29)	-	(565)
<b>At 31 December 2016</b>	<b>19,195</b>	<b>17,143</b>	<b>8,043</b>	<b>83,027</b>	<b>-</b>	<b>127,408</b>
<b>NET BOOK VALUE</b>						
<b>At 31 December 2016</b>	<b>83,376</b>	<b>15,536</b>	<b>5,547</b>	<b>29,741</b>	<b>122,480</b>	<b>256,680</b>

The capital work in progress relates to the on going projects of branch remodelling and equipment for new data centre and network equipment at Head office. No property and equipment of the Group and Bank has been pledged as security for liabilities.



## 24 PROPERTY AND EQUIPMENT (CONTINUED)

## (b) BANK

	Own building TZS Millions	Leasehold improvement TZS Millions	Motor vehicles TZS Millions	Computers, furniture and equipment TZS Millions	Capital work in progress TZS Millions	Total TZS Millions
<b>Year ended 31 December 2017</b>						
<b>COST</b>						
At 1 January 2017	59,551	32,679	13,590	112,768	122,478	341,066
Additions	-	-	-	10,420	34,875	45,295
Transfer from prepayment	-	-	316	-	-	316
Transfers from work in progress	-	-	3,477	23,287	(26,764)	-
Disposal	-	-	(452)	(13,860)	-	(14,312)
<b>At 31 December 2017</b>	<b>59,551</b>	<b>32,679</b>	<b>16,933</b>	<b>132,615</b>	<b>130,589</b>	<b>372,367</b>
<b>DEPRECIATION</b>						
At 1 January 2017	18,210	17,143	8,042	83,028	-	126,423
Charge for the year	2,784	2,484	2,657	15,222	-	23,147
Disposal	-	-	(452)	(13,841)	-	(14,293)
<b>At 31 December 2017</b>	<b>20,994</b>	<b>19,627</b>	<b>10,247</b>	<b>84,409</b>	<b>-</b>	<b>135,277</b>
<b>NET BOOK VALUE</b>						
<b>At 31 December 2017</b>	<b>38,557</b>	<b>13,052</b>	<b>6,686</b>	<b>48,206</b>	<b>130,589</b>	<b>237,090</b>

## 24 PROPERTY AND EQUIPMENT (CONTINUED)

### (b) BANK (CONTINUED)

	Own building  TZS Millions	Leasehold improvement  TZS Millions	Motor vehicles  TZS Millions	Computers, furniture and equipment  TZS Millions	Capital work in progress  TZS Millions	Total  TZS Millions
<b>Year ended 31 December 2016</b>						
<b>COST</b>						
At 1 January 2016	59,551	20,672	10,230	90,402	80,030	260,885
Additions	-	-	-	9,932	70,817	80,749
Transfers from work in progress	-	12,007	3,896	12,466	(28,369)	-
Disposal	-	-	(536)	(32)	-	(568)
<b>At 31 December 2016</b>	<b>59,551</b>	<b>32,679</b>	<b>13,590</b>	<b>112,768</b>	<b>122,478</b>	<b>341,066</b>
<b>DEPRECIATION</b>						
At 1 January 2016	15,243	13,687	6,138	72,651	-	107,719
Charge for the year	2,967	3,456	2,441	10,405	-	19,269
Disposal	-	-	(536)	(29)	-	(565)
<b>At 31 December 2016</b>	<b>18,210</b>	<b>17,143</b>	<b>8,043</b>	<b>83,027</b>	<b>-</b>	<b>126,423</b>
<b>NET BOOK VALUE</b>						
<b>At 31 December 2016</b>	<b>41,341</b>	<b>15,536</b>	<b>5,547</b>	<b>29,741</b>	<b>122,478</b>	<b>214,643</b>

The capital work in progress relates to the on-going projects of branch remodelling and equipment for new head office. No property and equipment of the Group and Bank has been pledged as security for liabilities.

## 25 INTANGIBLE ASSETS (GROUP AND BANK)

(GROUP AND BANK ) 2017	Computer Software TZS Millions	Work in progress TZS Millions	Total TZS Millions
<b>Cost:</b>			
At 1 January	26,652	8,765	35,417
Additions	6,228	4,322	10,550
Transfer from WIP	4,138	(4,138)	-
<b>At 31 December</b>	<b>37,648</b>	<b>8,949</b>	<b>46,597</b>
<b>Amortisation</b>			
At 1 January	19,956	-	19,956
Charge	6,110	-	6,110
<b>At 31 December</b>	<b>26,066</b>	<b>-</b>	<b>26,066</b>
<b>Net book value</b>	<b>10,952</b>	<b>8,949</b>	<b>19,901</b>

(GROUP AND BANK ) 2016	Computer Software TZS Millions	Work in progress TZS Millions	Total TZS Millions
<b>Cost:</b>			
At 1 January	25,592	-	25,592
Additions	1,060	8,765	9,825
<b>At 31 December</b>	<b>26,652</b>	<b>8,765</b>	<b>35,417</b>
<b>Amortisation</b>			
At 1 January	15,355	-	15,355
Charge	4,601	-	4,601
<b>At 31 December</b>	<b>19,956</b>	<b>-</b>	<b>19,956</b>
<b>Net book value</b>	<b>6,696</b>	<b>8,765</b>	<b>15,461</b>

## 26(a) DEFERRED TAX ASSETS (GROUP)

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:

	2017 TZS Millions	2016 TZS Millions
At start of year	27,513	22,736
(Debit)/credit to profit or loss:		-
Deferred income tax - current year – charged to profit or loss (Note 15(a))	16,236	4,160
Deferred income tax – current year – charged to other comprehensive income (OCI)	(28)	-
(Over)/under provision in prior year (Note 15(a))	(383)	617
<b>At the end of year</b>	<b>43,338</b>	<b>27,513</b>

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

	1 January TZS Millions	Credited to profit or loss TZS Millions	Charged to OCI TZS Millions	31 December TZS Millions
<b>Year ended 31 December 2017</b>				
<b>Deferred income tax asset</b>				
Property and equipment	5,055	1,001	-	6,056
Provisions	22,458	14,852	-	37,310
Fair valuation gain	-	-	(28)	(28)
	<b>27,513</b>	<b>15,853</b>	<b>(28)</b>	<b>43,338</b>
<b>Year ended 31 December 2016</b>				
<b>Deferred income tax asset</b>				
Property and equipment	5,139	(84)	-	5,055
Provisions	17,597	4,861	-	22,458
	<b>22,736</b>	<b>4,777</b>	<b>-</b>	<b>27,513</b>

	2017 TZS Millions	2016 TZS Millions
Expected to be recovered within 12 months	6,005	1,309
Expected to be recovered after 12 months	37,333	26,204
	<b>43,338</b>	<b>27,513</b>

## 26(b) DEFERRED TAX ASSETS (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:

	2017 TZS Millions	2016 TZS Millions
At start of year	27,513	22,736
(Debit)/credit to profit or loss:		-
Deferred income tax-current year – credited to profit or loss (Note 15(a))	16,014	4,160
Deferred income tax-current year – charged to other comprehensive income (OCI)	(28)	-
(Over)/under provision in prior year (Note 15(a))	(383)	617
<b>At the end of year</b>	<b>43,116</b>	<b>27,513</b>

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

Year ended 31 December 2017	1 January TZS Millions	Credited to profit or loss TZS Millions	Charged to OCI TZS Millions	31 December TZS Millions
<b>Deferred income tax asset</b>				
Property and equipment	5,055	1,001	-	6,056
Provisions	22,458	14,630	-	37,088
Fair valuation gain	-	-	(28)	(28)
	<b>27,513</b>	<b>15,631</b>	<b>(28)</b>	<b>43,116</b>

### Year ended 31 December 2016

#### Deferred income tax asset

Property and equipment	5,139	(84)	-	5,055
Provisions	17,597	4,861	-	22,458
	<b>22,736</b>	<b>4,777</b>	<b>-</b>	<b>27,513</b>

	2017 TZS Millions	2016 TZS Millions
Expected to be recovered within 12 months	3,570	1,309
Expected to be recovered after 12 months	39,546	26,204
	<b>43,116</b>	<b>27,513</b>

## 27 DEPOSITS FROM CUSTOMERS

### (a) GROUP

Deposits due to customers are composed of the following;

	2017 TZS Millions	2016 TZS Millions
Current accounts	2,022,960	1,744,726
Personal accounts	1,743,447	1,542,724
Time deposit accounts	505,651	449,761
	<b>4,272,058</b>	<b>3,737,211</b>
Current	4,268,085	3,733,497
Non-current	3,973	3,714
	<b>4,272,058</b>	<b>3,737,211</b>

### (b) BANK

Current accounts	2,023,051	1,744,919
Personal accounts	1,743,447	1,542,724
Time deposit accounts	505,651	449,761
	<b>4,272,149</b>	<b>3,737,404</b>
Current	4,268,176	3,733,690
Non-current	3,973	3,714
	<b>4,272,149</b>	<b>3,737,404</b>

## 28 OTHER LIABILITIES

### (a) GROUP

	2017 TZS Millions	2016 TZS Millions
Sundry liabilities	54,372	42,656
Accrued expenses	30,939	31,510
Bills payable	2,177	4,340
Cheques and items for clearing from other banks	106	-
	<b>87,594</b>	<b>78,506</b>
Current	87,594	53,776
Non-current	-	24,730
	<b>87,594</b>	<b>78,506</b>



## 28 OTHER LIABILITIES (CONTINUED)

### (b) BANK

	2017 TZS Millions	2016 TZS Millions
Sundry liabilities	52,356	43,986
Accrued expenses	30,939	31,510
Bills payable	2,177	4,340
Cheques and items for clearing due to other banks	106	-
	<b>85,578</b>	<b>79,836</b>
Current	85,578	55,106
Non-current	-	24,730
	<b>85,578</b>	<b>79,836</b>

## 29 PROVISIONS (GROUP AND BANK)

	2017 TZS Millions	2016 TZS Millions
Provision for losses from legal cases	2,784	2,648
Movement in provision		
At the start of year	2,648	3,229
Charged /(Utilised) during the year	136	(581)
At end of year	<b>2,784</b>	<b>2,648</b>

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 2017.

### 30 BORROWINGS (GROUP AND BANK)

	2017 TZS Millions	2016 TZS Millions
Borrowings		
- EIB Loan (i)	61,416	88,845
- FMO Loan (ii)	177,118	216,216
- Triodos (iii)	28,332	-
- NMB Bond (iv)	63,427	41,406
- TMRC (v)	1,700	1,700
- Accrued interest	4,937	4,636
	<b>336,930</b>	<b>352,803</b>
Current	111,916	74,564
Non-current	225,014	278,239
	<b>336,930</b>	<b>352,803</b>

As at 31 December 2017, the Group had no borrowing at default.

#### (i) European Investment Bank loan

As at 31 December 2017, the Bank had a borrowing balance from EIB of TZS 49,428 million (2016: TZS 72,712 million) being accumulation of TZS loans payable semi-annually within four to seven years at effective interest rate of 8.22% (2016: 8.53%). In addition, as at 31 December 2017, the Bank had a borrowing balance from EIB of USD 5.3 million (2016: USD 7.4 million) equivalent to TZS 11,988 million (2016: TZS 16,133 million) being accumulation of various USD loans payable over a period of four to seven years at a fixed interest rate. The effective interest rate of the loan during the year was 3.11% (2016: 3.2%). The loans were taken for the purpose of better Assets Liability management. The loans are unsecured.

As at 31 December 2017, the Bank was compliant with all the lenders covenants.

#### (ii) Financierings-Maatschappij voor Ontwikkelingslanden N.V (FMO) loan

The Bank borrowed from FMO loan in 2013 of USD 65 million repayable semi-annually and carries a floating rate based on six months LIBOR rate. The effective interest rate is 4.3%. The loan was taken for the purpose of better Assets Liability management. The loan is unsecured. As at 31 December 2017 the balance was USD 26 equivalent to TZS 58,292 million (2016: USD 39 million equivalent to TZS 85,176 million).

In 2015, the Bank obtained additional unsecured loan of USD 35 million repayable semi-annually within five to six years and carries a floating rate based on six months LIBOR rate. The effective interest rate was 4.5%, during the year. The outstanding balance as at 31 December 2017 was USD 28 million equivalent to TZS 62,620 million (2016: USD 35 million equivalent to TZS 76,440 million).

Moreover in 2016, the bank drew down tranche 2 of the 2015 contract amounting to USD 25 Million repayable semi-annually within five to six years and carries a floating rate based on six months LIBOR rate. The effective interest rate was 4.91%, during the year. The outstanding balance as at 31 December 2017 was USD 25 million equivalent to TZS 56,206 million (2016: USD 25 million equivalent to TZS 54,600 million).

As at 31 December 2017, the Bank was compliant with all the lenders covenants.

## 30 BORROWINGS (GROUP AND BANK) (CONTINUED)

**(iii) Triodos B.V.**

The Bank borrowed from Triodos this year an amount of TZS 28.3 billion repayable semi-annually and carrying a fixed rate. The effective interest rate is 14.4%. The loan was taken for the purpose of better Assets Liability management. The loan is unsecured. As at 31 December 2017 the balance was TZS 28,332 million. As at 31 December 2017, the Bank was compliant with all the lenders covenants.

**(iv) NMB Bond*****Retail Bond***

At the end of 2015, the Bank received regulatory approval for multi-currency, medium-term bond program amounting to TZS 200 billion. On 10 May 2016, the Bank issued the first tranche of this program. NMB issued a TZS 20 billion 3-year bond targeted towards the retail investor segment; offering a gross coupon rate of 13% and issued at par. The coupon on the bond is paid semi-annually. The offer period closed on June 2016 with market demand exceeding expectations. The bond was oversubscribed by 107% with the Bank receiving applications from investors amounting to TZS 41.4 billion.

***Corporate Bond***

On 28 December 2017 and 29 December 2017, the Bank issued the second tranche of the Medium Term Note (MTN) program amounting TZS 17,096 million and TZS 5 billion respectively via a private placement. The issue was targeted towards corporate investors at a gross coupon rate of 13.5% for a period of 3 years.

The bonds are unsecured and are tradable on the Dar es Salaam Stock Exchange (DSE).

The proceeds of the bond issue will be used for on-lending to the Bank's customers who include individuals, micro, small and medium sized enterprises as well as large corporate and Government institutions.

As at 31 December 2017, the Bank had a remaining balance of TZS 136,504 million on the MTN program. Subsequent tranches will be issued as and when the Bank requires and when market conditions are conducive.

The issuance of the bonds is part of NMB's strategy to diversify its funding sources.

**(v) Tanzania Mortgage Refinance Company Limited**

At the end of the year, the Bank had borrowed from Tanzania Mortgage Refinance Company Limited (TMRC) a renewable loan of TZS 1.7 billion maturing in 48 months and carries a fixed rate of 11.5% p.a. The effective interest rate is 11.5%. The loan was taken for the purpose of re-financing a portfolio of mortgage loans. The loan is secured by specific debenture over the portfolio of mortgage loans covering at least 125% of the loan amount. As at 31 December 2017 the balance was TZS 1.7 billion (2016: TZS 1.7 billion).

### 30 BORROWINGS (GROUP AND BANK) (CONTINUED)

#### NET DEBT RECONCILIATION

The analysis and movement of the Group and Bank's net debt is as follows:

	2017 TZS Millions	2016 TZS Millions
Cash and cash equivalents (Note 32)	1,002,394	697,580
Borrowings repayable within one year	(111,916)	(74,564)
Borrowings repayable after one year	(225,014)	(278,239)
<b>Net debt</b>	<b>665,464</b>	<b>344,777</b>
Cash and cash equivalents (Note 32)	1,002,394	697,580
Gross debt – fixed interest rate	(156,730)	(133,980)
Gross debt – variable interest rate	(180,200)	(218,823)
<b>Net debt</b>	<b>665,464</b>	<b>344,777</b>

	Assets	Liabilities from financing activities		
	Cash and cash equivalents	Borrowing due within 1 year	Borrowing due after 1 year	Total
	TZS Millions	TZS Millions	TZS Millions	TZS Millions
At 1 January 2017	697,580	(74,564)	(278,239)	344,777
Cash flows	297,334	(37,352)	53,225	313,207
Foreign exchange adjustment	7,480	-	-	7,480
<b>Net debt</b>	<b>1,002,394</b>	<b>(111,916)</b>	<b>(225,014)</b>	<b>665,464</b>

## 31 CAPITAL AND RESERVES

**(i) Share capital**

	2017 TZS Millions	2016 TZS Millions
<b>Authorised</b>		
625,000,000 ordinary shares of TZS 40 each	25,000	25,000
<b>Called up and fully paid</b>		
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) General risk reserve**

General risk reserve represents 1% provision charged on all performing loans in line with regulatory requirements of the Central Bank.

**(v) Fair valuation reserve**

The reserve is made up of fair valuation of available for sale financial assets and liabilities. This reserve is not available for distribution to shareholders.

	2017 TZS Millions	2016 TZS Millions
<b>Movement in fair valuation reserve is as follows:</b>		
At 1 January	(194)	(148)
Increase/(decrease) during the year – net of tax	67	(46)
At 31 December	<b>(127)</b>	<b>(194)</b>

There was no reclassification adjustments made in respect to components of other comprehensive income.

**(vi) Other reserve**

Other reserve represents the difference between the fair value of the consideration paid with respect to acquisition of additional shares in Ohio Street Properties Limited and net assets of acquire interests. In the prior year, the financial statements were restated to account correctly the difference between the consideration and fair value of net assets gain that was wrongly recognized as goodwill when the Group acquired additional 6,816 shares representing 49% shareholding in the Ohio Street Properties. The additional purchase of shares did not result in a gain of control therefore the difference should have been recognized directly in equity and attributed to the parent's equity holders as required by IFRS 3. In the current year, the amount has been reclassified to retained earnings.

### 32 CASH AND CASH EQUIVALENTS (GROUP AND BANK)

	2017 TZS Millions	2016 TZS Millions
Cash and balances with Bank of Tanzania (Note 18)	1,156,322	950,181
Less: Statutory Minimum Reserves (Note 18)	(396,659)	(389,842)
Placement and balances with other banks (Note 19)	242,731	137,241
Cheques and items for clearance due to other banks (Note 28)	(106)	-
	<b>1,002,288</b>	<b>697,580</b>

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 NOTES TO THE STATEMENT OF CASH FLOWS

#### (a) GROUP

	Note	2017 TZS Millions	2016 TZS Millions
<b>Operating activities</b>			
Profit before tax		139,814	223,752
Adjustment for:			
Depreciation and amortization	14	31,228	24,855
Profit on disposal of property and equipment	11	(204)	(390)
Loss on fair valuation of government security available for sale		-	46
Interest expense on borrowings	8	24,396	17,027
Interest income from government security available for sale	21(c)	(37)	(36)
Effect of movement in foreign exchange		(7,480)	3,612
		<b>187,717</b>	<b>268,866</b>
Movement in operating assets:			
Increase in Statutory Minimum Reserve		(6,817)	(9,648)
Decrease/(increase) in loans and advances to customers		2,732	(317,182)
Increase in other assets		(15,877)	(12,579)
Increase in deposits from customers		534,847	172,441
(Decrease)/increase in deposits due to other banks		(11,027)	9,576
Increase in other liabilities		9,382	2,003
Increase/(decrease) in provisions	29	136	(581)
		<b>701,093</b>	<b>112,896</b>
<b>Cash generated from operations</b>			

### 33 NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

#### (b) BANK

	Note	2017 TZS Millions	2016 TZS Millions
<b>Operating activities</b>			
Profit before tax		137,903	221,424
Adjustment for:			
Depreciation and amortization	14	29,257	23,870
Profit on disposal of property and equipment	11	(204)	(390)
Loss on fair valuation of government security available for sale	22(b)	-	46
Interest income on government security available for sale	22(b)	(37)	(36)
Interest expense on borrowings	8	24,396	17,027
Effect of movement in foreign exchange		(7,480)	3,612
		<b>183,835</b>	<b>265,553</b>
Movement in operating assets:			
Increase in Statutory Minimum Reserve		(6,817)	(9,648)
Decrease/(increase) in loans and advances to customers		7,419	(312,714)
Increase in other assets		(12,834)	(14,420)
Increase in deposits from customers		534,745	169,533
(Decrease)/ increase in deposit due to other banks		(11,027)	9,576
Increase in other liabilities		5,636	3,627
Increase/(decrease) in provisions	29	136	(581)
<b>Cash generated from operations</b>		<b>701,093</b>	<b>110,926</b>



# 34(a) FINANCIAL INSTRUMENTS BY CATEGORY – GROUP

## (a) GROUP

	Loans and receivables	Held to maturity	Available for sale	Total
	TZS Millions	TZS Millions	TZS Millions	TZS Millions
<b>31 December 2017</b>				
<b>Financial assets</b>				
Cash and balances with Bank of Tanzania	1,156,322	-	-	1,156,322
Investment securities – at amortised cost	422,732	496,367	-	919,099
Investment securities available for sale	-	-	870	870
Placement and balances with other banks	242,731	-	-	242,731
Loans and advances to customers	2,771,732	-	-	2,771,732
Equity investments	-	-	1,740	1,740
Other assets (Excluding prepayment)*	40,116	-	-	40,116
	<b>4,633,633</b>	<b>496,367</b>	<b>2,610</b>	<b>5,132,610</b>
<b>31 December 2016</b>				
Cash and balances with Bank of Tanzania	950,181	-	-	950,181
Investment securities at amortised cost	318,833	405,364	-	724,197
Investment securities available for sale	-	-	719	719
Placement and balances with other banks	137,241	-	-	137,241
Loans and advances to customers	2,774,464	-	-	2,774,464
Equity investments	-	-	1,740	1,740
Other assets (Excluding prepayment)*	29,083	-	-	29,083
	<b>4,615,166</b>	<b>4,615,166</b>	<b>2,459</b>	<b>4,617,625</b>
<b>Financial liabilities at amortised cost</b>				
			<b>2017 TZS Millions</b>	<b>2016 TZS Millions</b>
Deposits from customers			4,272,058	3,737,211
Deposits from banks			149	11,176
Borrowings			336,930	352,803
Other liabilities (Excluding non-financial other liabilities)**			76,565	74,302
			<b>4,685,702</b>	<b>4,175,492</b>

\*Prepayments are excluded from other assets 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.

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

	Loans and receivables	Held to maturity	Available for sale	Total
	TZS Millions	TZS Millions	TZS Millions	TZS Millions
<b>31 December 2017</b>				
Financial assets				
Cash and balances with Bank of Tanzania	1,156,322	-	-	1,156,322
Investment securities at amortised cost	422,732	496,367	-	919,099
Investment securities available for sale	-	-	870	870
Placement and balances with other banks	242,731	-	-	242,731
Loans and advances to customers	2,787,048	-	-	2,787,048
Equity investments	-	-	1,740	1,740
Other assets (Excluding prepayment)*	32,340	-	-	32,340
	<b>4,641,173</b>	<b>496,367</b>	<b>2,610</b>	<b>5,140,150</b>
<b>31 December 2016</b>				
Cash and balances with Bank of Tanzania	950,181	-	-	950,181
Investment securities at amortised cost	318,833	405,364	-	724,197
Investment securities available for sale	-	-	719	719
Placement and balances with other banks	137,241	-	-	137,241
Loans and advances to customers	2,794,467	-	-	2,794,467
Equity investment	-	-	1,740	1,740
Other assets (excluding prepayment)*	24,269	-	-	24,269
	<b>4,209,802</b>	<b>405,364</b>	<b>2,459</b>	<b>4,632,814</b>
<b>Financial liabilities at amortised cost</b>				
			<b>2017 TZS Millions</b>	<b>2016 TZS Millions</b>
Deposits from customers			4,272,149	3,737,404
Deposits from banks			149	11,176
Borrowings			336,930	352,803
Other liabilities (excluding non-financial other liabilities)**			77,777	72,932
			<b>4,687,005</b>	<b>4,174,315</b>

\*Prepayments are excluded from other assets 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 (GROUP AND BANK)

**(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 2017, 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:-

	2017 TZS Millions	2016 TZS Millions
<i>Commitments</i>		
Guarantees and Indemnities	67,028	17,275
Undrawn Commitments	99,289	85,458
Acceptances and letters of credit	330,329	272,311
	<b>496,646</b>	<b>375,044</b>

*Acceptances and letters of credit*

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Bank expects most acceptances to be presented, and reimbursement by the customer is normally immediate. Letters of credit commit the Bank to make payments to third parties, on production of documents, which are subsequently reimbursed by customers.

**(b) Legal claims**

Various ex-employees have sued the Bank for unfair dismissal. Furthermore, various previous loan customers are suing the Bank. With the exception of amounts disclosed in Note 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 2017, the Bank had capital commitments of TZS 28,872 million (2016: TZS 74,000 million) in respect of new branches, branch remodelling, equipment and information technology. The expenditure contracted as at the end of reporting period but not yet incurred is as follows:

### 35 CONTINGENT LIABILITIES AND COMMITMENTS (GROUP AND BANK) (CONTINUED)

#### (c) Capital commitments

	2017 TZS Millions	2016 TZS Millions
Information technology	16,642	43,000
New branches	-	5,300
Branch and business centres remodelling	5,162	14,700
Others including equipment, vehicles and furniture	7,068	11,000
	<b>28,872</b>	<b>74,000</b>

The Bank's management is confident that future net revenues and funding will be sufficient to cover this commitment.

#### (d) Operating lease commitments

Where the Bank is the lessee, the future minimum lease payments under non-cancellable operating leases are as follows:-

	2017 TZS Millions	2016 TZS Millions
Not later than 1 year	15,471	15,012
Later than 1 year and no later than 5 years	60,805	59,812
Later than 5 years	410,273	426,254
Total	<b>486,550</b>	<b>501,079</b>

### 36 EFFECTIVE INTEREST RATES OF FINANCIAL ASSETS AND LIABILITIES

#### (GROUP AND BANK)

The effective interest rates for the principal financial assets and liabilities at 31 December 2017 were as follows:

	2017 %	2016 %
Government securities	13.33	16.70
Deposits with banking institutions	12.78	16.50
Loans and advances to customers	16.81	17.35
Customer deposits	2.4	2.13
Deposits from banks	3.85	4.55
Borrowings	7.17	5.26

### 37 RELATED PARTY TRANSACTIONS AND BALANCES

A number of banking transactions are entered into with related parties in the normal course of business. These include loans, deposits and foreign currency transactions.

The volumes of related party transactions, outstanding balances at year-end, and related expense and income for the year are as follows:

#### (a) Loans and advances to related parties

At 31 December 2017 there were no loans issued to companies controlled by the Directors or their families. Advances to customers at 31 December 2017 include loans to key management personnel as follows:

##### GROUP

##### Key management personnel

	2017 TZS Millions	2016 TZS Millions
At start of year	1,427	1,243
Advanced during the year	387	500
Repaid during the year	(287)	(316)
<b>At end of year</b>	<b>1,527</b>	<b>1,427</b>
<b>Interest income earned</b>	<b>118</b>	<b>125</b>

##### BANK

	Key management personnel		Related companies	
	2017 TZS Millions	2016 TZS Millions	2017 TZS Millions	2016 TZS Millions
At start of year	1,427	1,243	20,003	24,471
Advanced during the year	387	500	-	-
Repaid during the year	(287)	(316)	(4,687)	(4,468)
<b>At end of year</b>	<b>1,527</b>	<b>1,427</b>	<b>15,316</b>	<b>20,003</b>
<b>Interest income earned</b>	<b>118</b>	<b>125</b>	<b>1,480</b>	<b>2,041</b>

No provisions have been recognised in respect of loans given by the Group and Bank to related parties (2016: 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. As at 31 December 2017, the Group and Bank held collateral valued at TZS 10,084 million.

The Bank had advanced loans of USD 12.3 million (2015: USD 7,300,000 and 2013: USD 5,000,000) to its subsidiary Upanga Joint Venture Company Limited (UJVC) to meet costs of construction of its headquarters. The loan is repayable in 84 months and attracts a fixed interest rate of 8% p.a. (for the first three years) and floating rate at six months LIBOR + 7.5% p.a. from year four to the last year of the facility. As at the year-end, outstanding loan balance was TZS 15,316 million equivalent to USD 6.8 million (2016: TZS 20,003 million equivalent to USD 9.2 million).

### 37 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

#### (b) Deposits from related parties

##### GROUP

	Directors and key Management personnel	
	2017 TZS Millions	2016 TZS Millions
Deposits at the beginning of the year	448	123
Deposits received during the year	3,966	3,598
Deposits repaid during the year	(4,024)	(3,273)
<b>Deposits as at the end of the year</b>	<b>390</b>	<b>448</b>
<b>Interest expense</b>	<b>4</b>	<b>2</b>

##### BANK

	Directors and key Management personnel		Related companies	
	2017 TZS Millions	2016 TZS Millions	2017 TZS Millions	2016 TZS Millions
Deposits at the beginning of the year	448	123	213	3,101
Deposits received during the year	3,966	3,598	13,115	6,890
Deposits repaid during the year	(4,024)	(3,273)	(13,236)	(9,778)
<b>Deposits as at the end of the year</b>	<b>390</b>	<b>448</b>	<b>92</b>	<b>213</b>
<b>Interest expense</b>	<b>4</b>	<b>2</b>	<b>-</b>	<b>-</b>

The above deposits are unsecured, carry variable interest rate and are repayable on demand. Related companies included in this disclosure is Upanga Joint Venture Company Limited.

#### (c) Transactions and balances with Rabobank (Group and Bank)

Based on the management service contract approved by the Board, a total of TZS 2,752 million (2016: TZS 4,674 million) was paid to Rabobank during the year as management and technical assistance expenses. Management fees payable as at year-end was TZS 852 million (2016: TZS 1,892 million).

Nostro balances with Rabobank at year-end amounted to TZS 3,964 million (2016: TZS 2,763 million). There was no inter-bank balance due to Rabobank as at year-end. The Bank incurred expenses amounting to TZS 325 million (2016: TZS 343 million) refundable from Rabobank.

### 37 RELATED PARTY TRANSACTIONS (CONTINUED)

#### (d) Transactions and balances with Upanga Joint Venture (Bank)

During the year, the Bank made operating lease rent payments amounting to TZS 6 billion (2016: TZS 5.9 billion) to Upanga Joint Venture Limited. There were no outstanding lease payments at the end of the year (2016: Nil)

#### (e) Key management compensation (Group and Bank)

	2017 TZS Millions	2016 TZS Millions
Salaries and other short-term benefits	3,587	2,728
Post-employment benefits - defined contribution plan	304	307
	<b>3,892</b>	<b>3,035</b>

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 is included in the management service contract highlighted in part (e) below and therefore excluded in the above benefits.

#### (f) Transactions and balances with Government of Tanzania (Group and Bank)

The Government of Tanzania owns 31.8% (2016: 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 919,909 million (2016: TZS 724,916 million). Interest earned from investment in government securities during the year was TZS 115,103 million (2016: TZS 107,251 million). The Bank also accepts deposits from various Government institutions and agencies, which do not attract interest.

#### (g) Directors' remuneration (Group and Bank)

Fees and other emoluments paid to Directors of the Bank during the period amounted to TZS 333 million (2016: TZS 277 million). Details of payment to individual directors is shown in the table below.

DIRECTORS	BOARD MEETING	BARCC	BCC	BHR&RC	BEC	DIRECTORS FEE&REMUNERATION (TZS) 2017
Prof. Joseph Semboja	11	-	-	-	4	35,545,000
Mr. Albert Jonkergouw	11	-	10	5	4	36,807,125
Mr. Jos Van Lange	11	9	-	-	-	40,114,603
Mr. Protase Tehingisa	11	-	10	5	-	46,710,000
Mrs. Margaret Ikongo	11	-	-	5	-	38,110,000
Mr. William Mlaki	11	9	10	-	-	33,290,000
Mr. Mike Laiser	11	9	-	5	4	57,747,500
Mr. Leonard Mususa	11	9	10	-	-	45,025,000
Ms. Ineke Bussemaker	11	9	10	5	4	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.









# KATIKA SAFARI HII **TABASAMU** LA KO NDIO ZAWADI **KUBWA** **KWETU**



## **TUNABADILI MAISHA**

NMB Bank PLC ni benki ya biashara inayoongoza Tanzania kwa kutoa huduma kamili za kibenki kwa wateja wa nyanja zote za jamii ya Kitanzania. Benki inatoa huduma mbalimbali kama kuweka akiba, kufanya miamala, na pia huduma za mikopo kwa watu binafsi, biashara ndogo na za kati, Serikali, wafanayabiashara ya kilimo hali kadhalika kwa makampuni na taasisi kubwa.



NMB ina jukumu muhimu kwenye mnyororo wa thamani wa biashara ya kilimo na muanzilishi wa mkopo wa stakabadhi ghalani kwa Saccos na Amcos za nchini. Kwa miaka 15 iliyopita tangu kuanzishwa, NMB imekua kwa haraka kuliko benki nyingine yoyote ikielekea kukamata nafasi ya kuwa benki kubwa kuliko zote Tanzania kwa karibia vipimo vyote na kutokea 2013 imefanya vyema sana kulingana na viashiria vyote muhimu kama; mapato ya jumla, amana, na ukuaji wa faida.









# HALI YA BAADAYE YA NMB

## NINI KINACHOFUATA KWETU?

NMB inaendelea kukua na kuimarika zaidi na zaidi. Uwekezaji wetu kwa miaka michache iliyopita katika teknolojia na mifumo sahihi utaisukuma benki katika kufikia malengo yetu endelevu ya kuingiza mapato na kukua.

Tutatumia mtaji wa ubunifu, udhibiti wa vihatarishi, njiambalimbalizakujitangaza na taratibu zinazokubalika kutofautisha huduma zetu na kuchochea ukuaji.

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Dar es Salaam

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NMB Bank Plc  
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Dar es Salaam

### WAKAGUZI

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Certified Public Accountants (Tanzania)  
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Fax: 028 2500691

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P.O. Box 4887, Dar es salaam  
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Tel: (General) 022 2128685  
Fax: 022 2128687

## OFISI YA KANDA YA DAR ES SALAAM

MKOA	TAWI/KITENGO	MAWASILIANO	SIMU	SIMU YA JUMLA	FAX NO.
DSM	DSM Zonal Office	P.O. Box 4887, Dar es Salaam	022 2128684	022 2128685	022 2128687
	Bank House	P.O. Box 9031, Dar es Salaam	022 2115054	022 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 2170070	022 2172646	022 2170622
	Morogoro Road	P.O. Box 9064, Dar es Salaam	0222113585	022 2138945	022 2128542
	Muhimbili	P.O. Box 65589, Dar es Salaam		0222152055	
	Mwenge	P.O. Box 31597, Dar es Salaam	022 2700927	022 2700931	022 2700928
	Temeke	P.O. Box 45075, Dar es Salaam	022 2856852	022 2856181	022 2856915
	University	P.O. Box 35199, Dar es Salaam	022 2410183	022 2410183	022 2410183
	Mbagala	P.O. Box 45067, Dar es Salaam	0736990193	0736990191	07360990192
	Msasani	P.O. Box 33841, Dar es Salaam	022 2668871	022 2666191	022 2668872
	NMB House	P.O. Box 2653, Dar es Salaam	022 2324124	022 2324125/7	022 2161006
	Ubungo	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	022 232 4120	022 232 4121	
	Airport	P.O. Box 40951, Dar es Salaam	022 2844384	022 2844385	022 2844387
	Oysterbay	P.O. Box 162409 Dar es Salaam	022 2324147	022 2324146	
	Tandika	P.O. Box 45075 Dar es Salaam	022 2856141	022 2161582	
	Gongolamboto			022 232 4192	
	Ohio	P.O. Box , Dar es Salaam	022 2322726		
	TPA	P.O. Box , Dar es Salaam	022 2161030		
	Kigamboni		022 2324174		
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



## OFISI YA KANDA YA MASHARIKI

MKOA	TAWI/KITENGO	MAWASILIANO	SIMU	SIMU YA JUMLA	FAX NO.
MOROGORO	Eastern Zonal Office	P.O. Box 1066, Morogoro	023 2613479	023 2613601	023 2613600
	Ifakara	P.O. Box 33, Ifakara	023 2931554	023 2931552	023 2931553
	Kilombero	P.O. Box 142, Kidatu	023 2931542	023 2931541	
	Kilosa	P.O. Box 3, Kilosa	023 2623017	023 2623233	023 2623073
	Mahenge	P.O. Box 61, Mahenge	022 232 4101	022 232 4102	
	Mahenge	P.O. Box 61, Mahenge	0767 713392	0719 498119	
	Turiani	P.O. Box 167, Turiani	023 2931101	023 2931102	023 2931100
	Mvomero	P.O. Box 478, Morogoro	023 2628734	023 2628735	023 2628733
	Wami	P.O. Box 84, Morogoro	023 2613534	023 2613177	023 2613849
	Mt. Uluguru	P.O. Box 81, Morogoro	023 2614407	023 2614408	023 2614406
	Gairo	P.O. Box 12, Gairo	022 2211326	022 2211327	
	Msamvu	P.O. Box 976, Morogoro	022 2324257	022 2324258	
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 2401035	023 2401020	
	Mafia	P.O. Box 30, Mafia	023 2011331	023 2010172	023 2010171
	Mkuranga	P.O. Box 51, Mkuranga	23 2110092	023 2110093	023 2110094
	Mlandizi	P.O. Box 30430 Kibaha	022 2211339	022 2211340	

## OFISI YA KANDA YA KATI

MKOA	TAWI/KITENGO	MAWASILIANO	SIMU	SIMU YA JUMLA	FAX NO.
DODOMA	Zonal Office	P.O. Box 888, Dodoma	026 2322117	026 2322260/	026 2323544
	Zonal Office	P.O. Box 888, Dodoma		026 2323544	
	Bahi		022 232 4054	022 232 1476	
	Makole		022 232 4072	022 232 2000	
	Chamwino		022 232 4051	022 232 1450	
	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
	Ikungi	P.O. Box 528 Ikungi	022 2324057		
MANYARA	Mbulu	P.O. Box 33, Mbulu	027 2533090	027 2533064	027 2533090
	Babati	P.O. Box 70, Babati	027 2531113	027 2531027	027 2531113
	Kibaya	P.O. Box 53, Kibaya	027 2555433	027 2552030	027 2555433
	Katesh	P.O. Box 82, Katesh	027 2531697	027 2530077	027 2530076
	Simanjoro	P.O. Box 9527, Simanjoro	0272555692	027 2555693	027 2555693
	Haydom	P.O. Box 33, Mbulu	026 2540145		

## OFISI YA KANDA YA KASKAZINI

MKOA	TAWI/KITENGO	MAWASILIANO	SIMU	SIMU YA JUMLA	FAX NO.
ARUSHA	Northern Zonal Office	P.O. Box 1256, Arusha	027 2508079	027 2508516	027 2548275
	Clock Tower	P.O. Box 3093, Arusha	027 2502599	027 2508521	027 2545184
	Karatu	P.O. Box 50, Karatu	027- 2534037	027 2534030	027 2534024
	Ngarenaro	P.O. Box 15741 Arusha	027 2548457	027 2548854	027 2548573
	Monduli	P.O. Box 20, Monduli	027 2538069	027-2538031	027 2538069
	Loliondo	P.O. Box 60, Loliondo	027 2535207	027 2535070	027 2535207
	Namanga	P.O. Box 8500, Namanga	027 2539503	027 2539505	027 2539504
	Arusha Market	P.O. Box 11168, Arusha	027 2547331	027 2547332	027 2547330
	Arusha Business Centre	P.O. Box 632, Arusha	027 2545741	027 2545740	027 2545743
	Usa River	P.O. Box 131, Arusha	027 2541085	027 2541086	027 2541087
	Mererani	P.O. Box 5123, Arusha	022 2211002	022 2211003	
	Sanya Juu	P.O. Box, Arusha	022 2161668		
	Ngaramtoni	P.O BOX 16806 Ngramtoni	022 2324793	022 2329711	
	Mto wa Mbu	P.O BOX 65 Mto wa Mbu	022 2324790	022 2324791	
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
	Hedaru	P.O. BOX 5 Hedaru	022 2324761	022 2324435	
	Mbuyuni		022 2324782		
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	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
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	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	
	Bumbuli	P.O BOX 103 Kwemuae, Bumbuli-Lushoto	022 23244757		
	Mkata		022 2324101		

## OFISI YA KANDA YA NYANDA ZA JUU

MKOA	TAWI/KITENGO	MAWASILIANO	SIMU	SIMU YA JUMLA	FAX NO.
MBEYA	Highland Zonal Office	P.O. Box 792, Mbeya	025 2502527	025 2504347	025 2502853
	Chunya	P.O. Box 65, Chunya	025 2520019	025 2520048	025 2520019
	Ileje	P.O. Box 17, Ileje	025 2570021	025 2570234	025 2570021
	Kyela	P.O. Box 74, Kyela	025 2540023	025 2540094	025 2540023
	Mbalizi Road	P.O. Box 282, Mbeya	025 2500890	025 2502547	025 2502413
	Mbarali	P.O. Box 75, Rujewa	025 2590196	025 2590052	025 2590051
	Mbozi	P.O. Box 4, Mbozi	025 2580022	025 2580041	025 2580022
	Mount Loleza	P.O. Box 922, Mbeya	025 2502879	025 2502880	025 2502879
	Mwanjelwa	P.O. Box 1768, Mbeya	025 2502826	025 2502462	025 2500070
	Tukuyu	P.O. Box 180, Tukuyu	025 2552149	025 2552253	025 2552149
	Tunduma	P.O. Box 140, Tunduma	025 2530665	025 2530049	025 2530665
	Usongwe	P.O. Box 4623, Mbeya	025 2560120	025 2560121	025 2560122
	Mlowo	P.O. BOX , Mbeya	0737 225162		
	Mkwajuni		022 2324787/8	0713 954775	
	Kasumulu	P.O.BOX 74 Kyela	0713 141519		
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
	Ruaha	P.O. Box 26, Iringa	022 232 4857	022 232 4858	
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
	Wanging'ombe	P.O BOX 413 Njombe	022 2324387	0754 231334	
KATAVI	Mpanda	P.O. Box 55, Mpanda	025 2820315	025 2820034	025 2820315
	Mlele	P.o.box 55 Mpanda	0764 232773		
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
	Kalambo	P.o Box 37, Sumbawanga	022 2324372	0784 407933	
	Laela	P.o Box 37, Sumbawanga	022 2324372	0753 491817	

## OFISI YA KANDA YA ZIWA

MKOA	TAWI/KITENGO	MAWASILIANO	SIMU	SIMU YA JUMLA	FAX NO.
MWANZA	Lake Zonal Office	P.O. Box 1580, Mwanza	028 2501050	028 2500867	028 2500691
	Geita	P.O. Box 10, Geita	028 2520442	028 2520021	028 2520442
	Kenyatta Road	P.O. Box 1444, Mwanza	028 2500387	028 2502592	028 2501736
	Magu	P.O. Box 12, Magu			028 25301
	Misungwi	P.O. Box 122, Misungwi	0732 980747		073 2980747
	Nansio	P.O. Box 61, Nansio	028 2515051	028 2324524	028 2515091
	Katoro	P.O. Box , Katoro			
	Nyamongo	P.O. Box , Nyamongo	022 2324566		
	Ngudu	P.O. Box 68, Ngudu	028 2983109	028 2983108	073 2980919
	Pamba Road		022 2324579	022 234644	
	Regional Drive	P.O. Box 537, Mwanza	028 2541106	028 2541107	028 2541108
	Sengerema	P.O. Box 96, Sengerema	028 2590075	028 2590248	028 2590025
	PPF Agency	P.O. Box 1444 Mwanza	028 2506030	028 2506030	028 2506030
	Rock City	P.O. Box 7201 Mwanza	028 2981110		
	Igoma	P.O. BOX 1055 Mwanza	022 2324629	022 2324630	
MARA	Bunda	P.O. Box 53, Bunda	028 2621152	028 2621039	028 2621153
	Butiama	P.O. Box 35 Butiama	022- 221 1026		
	Mugumu	P.O. Box 4, Mugumu		732985970	
	Musoma	P.O. Box 561, Musoma	028 2620807	028 2620806	
	Tarime	P.O. Box 108, Tarime	028 2690918	028 2690062	028 2690100
	Rorya	P.O. Box 68, Shirati			
	Buzuruga	P.O. Box 1450, Mwanza	028 2570482	028 2570482	028 2570484
	Rorya	P.O. Box 68 Rorya	022 221 1027		
KAGERA	Biharamulo	P.O. Box 27, Biharamulo	028 2225017	028 2225017	028 2225155
	Bukoba	P.O. Box 1552, Bukoba	028 2220176	028 2220154	028 2220417
	Kayanga	P.O. Box 69, Karagwe	028 2227111	028 2227162	028 2227111
	Muleba	P.O. Box 8, Muleba	028 2224170	028 2224012	028 2224020
	Ngara	P.O. Box 92, Ngara	028 2226049	028 2226223	028 2226013
	Chato	P.O. Box 68, Chato	028 2982532	028 2982541	028 2982542
	Misenyi	P.O. Box 56, Misenyi	0732 983453	028 2222323	028 2222331
	Rusumo	P.O. Box , Rusumo	028 2982862		
	Kyerwa	P.O. Box 8, Kyerwa	022 2324647		
	Kaitaba		022 2324539		
	Nkwenda	P.O. Box 08, Nkwenda Kyerwa	022 2324647		
	Mtukula	P.O. Box 56, Kyaka	022 232 4078		
	Kabanga	P.O. Box 92, Ngara	022 2321106		

## OFISI YA KANDA YA MAGHARIBI

MKOA	TAWI/KITENGO	MAWASILIANO	SIMU	SIMU YA JUMLA	FAX NO.
TABORA	Western Zonal Office	P.O. Box 681, Tabora	026 2606423	026 2606424	026 2606425
	Igunga	P.O. Box 80, Igunga	026 2650054	026 2650027	026 2650024
	Mihayo	P.O. Box 211, Mihayo	026 2604158	026 2604376	026 2604925
	Nzega	P.O. Box 163, Nzega	026 2692340	026 2692322	026 2692340
	Sikonge	P.O. Box 32, Sikonge	073 2988362	0732 988362	073 2988483
	Urambo	P.O. Box 156, Urambo	0732 988259	0732 988336	073 2988256
	Nkinga	P.O. Box 01, Nkinga	022 2324474		
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
	Uvinza	P.O. Box 3, Uvinza	022 2324455		
SIMIYU	Bariadi	P.O. Box 2, Bariadi	028 2700533	028 2700004	028 2700175
	Maswa	P.O. Box 3, Maswa	028 2750372	028 2750321	028 2750372
	Mwanhuzi	P.O. Box 48, Meatu	028-2795292	028-2795080	028 2795292
	Itilima	P.O. Box 2, Bariadi	022 2324471		
SHINYANGA	Manonga	P.O. Box 811, Manonga	028 2763629	028 2763439	028 2763441
	Mwadui	P.O. Box 324, Mwadui	028 2763461		028 2763461
	Kakonko	P.O. Box , Kakonko	022 2211323/4		
	Kaliua	P.O. Box , Kaliua	0737 214715/4		
	Kishapu	P.O. Box , Kishapu	028 2770021/16		
	Kahama	P.O. Box 183, Kahama	028 2710063	028 2710083	028 2710103
	Kahama Business Center				
GEITA	Bukombe	P.O. Box 134, Bukombe	028 2520702	028 2520703	028 2520702

## OFISI YA KANDA YA KUSINI

MKOA	TAWI/KITENGO	MAWASILIANO	SIMU	SIMU YA JUMLA	FAX NO.
MTWARA	Southern Zonal Office	P.O. Box 625, Mtwara	023 2333329	023 2334020	023 2333667
	Masasi	P.O. Box 105, Masasi	023 2510024	023 2510058	023 2510024
	Mtwara	P.O. Box 508, Mtwara	023 2333951	023 2333946	023 2333983
	Ndanda	P.O. Box 7, Ndanda		0717 407538	
	Nanyumbu	P.O . Private Bag, Nanyumbu	025 2675005	025 2675003	
	Newala	P.O. Box 60, Newala	023 2410561	023 2410261	023 2410221
	Tandahimba	P.O. Box 15, Tandahimba	023 2410090	023 2410089	023 2410091
	Mtwara Business Center	P.O. Box 625, Tanu Rd. Mtwara	023 2334852		
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
	Madaba	P.O. Box 1, Madaba	022 2324415		





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