





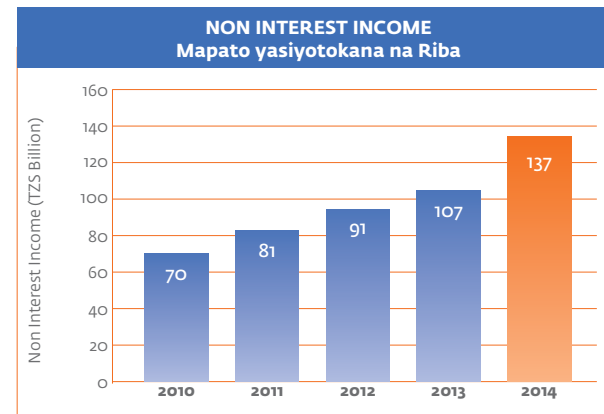
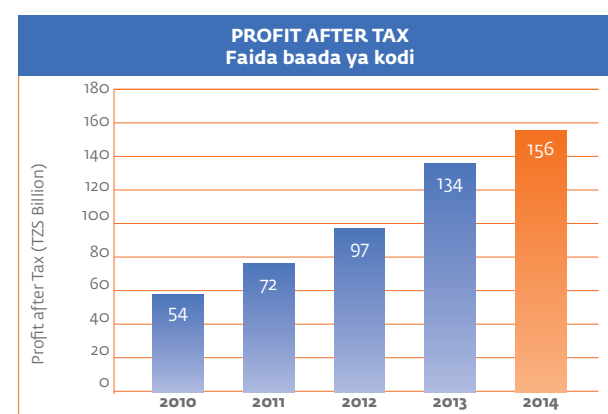
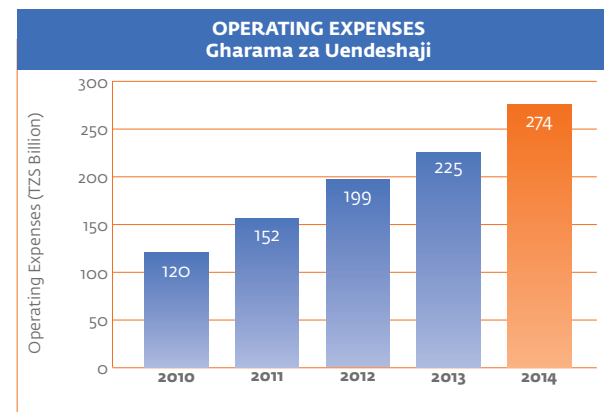
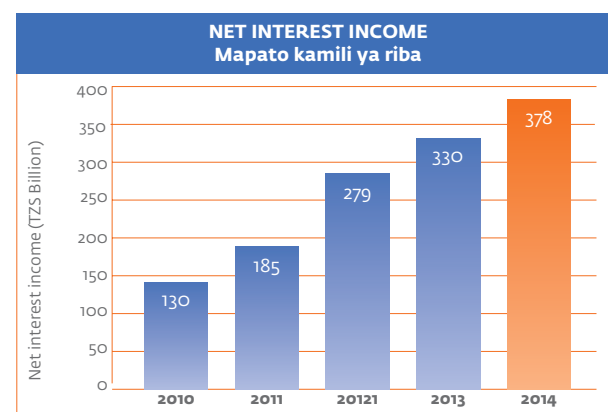
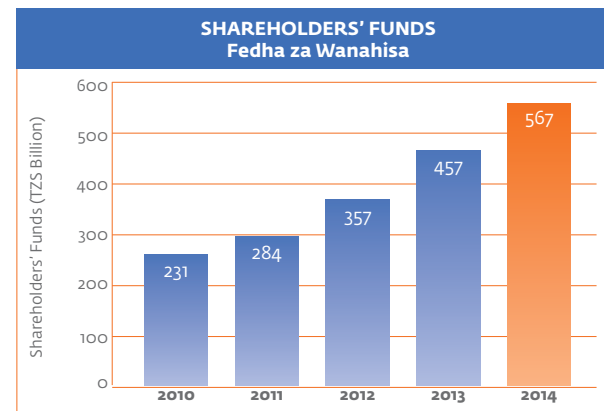
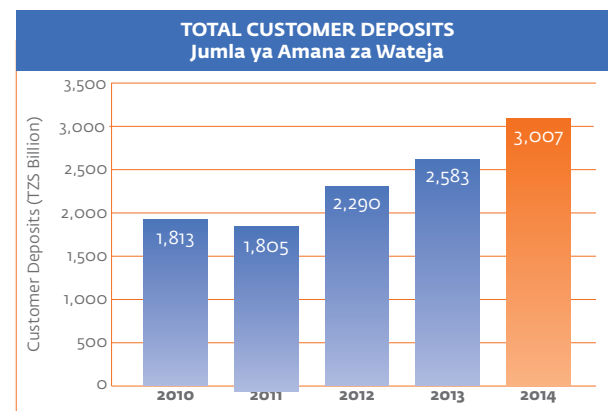
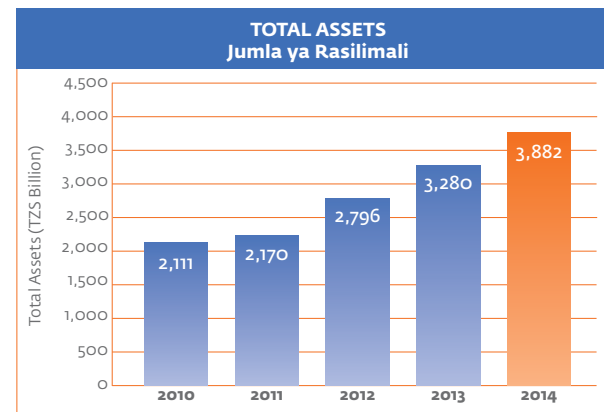
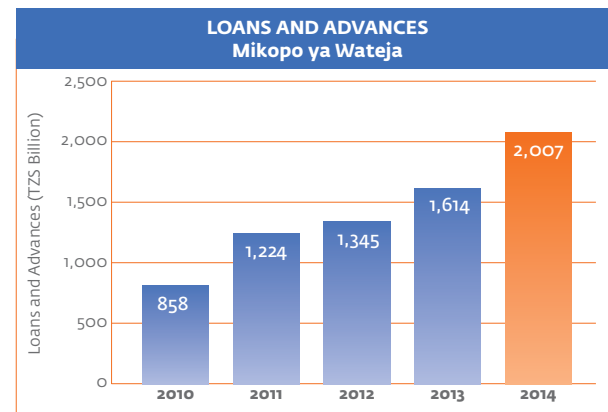
# Table of Contents | Yaliyomo

NMB - Touching a part of your life everyday! NMB - Tunagusa sehemu ya maisha yako ya kila siku!	11	Chairman's Report Taarifa ya Mwenyekiti	16
		Managing Director's Report Taarifa ya Mkurugenzi Mtendaji	23
	41	Sustainability and Corporate Social Responsibility Uendeleu na Wajibu wa Kampuni kwa Jamii	

Financial Highlights Vielelezo Muhimu vya Kifedha	2	Sustainability and Corporate Social Responsibility Uendeleu na Wajibu wa Kampuni kwa Jamii	41	Risk Report Taarifa ya Athari	122
Value Added Statement Taarifa ya ongezeko la thamani	6	Report of the Directors Taarifa ya Wakurugenzi	46	Executive Management Uongozi wa Juu	125
Mission, Vision and Values Azma, Dira na Maadili	7	Statement of Directors' Responsibilities Taarifa ya Wajibu wa Wakurugenzi	54	Key Management Committees Kamati za Menejimenti	129
History Historia	8	Independent Auditor's Report Taarifa ya Wakaguzi wa Hesabu	55	Distribution Network Mtandao wa Huduma	131
NMB - Touching a part of your life everyday! NMB - Tunagusa sehemu ya maisha yako ya kila siku!	11	Financial Statements Taarifa za Hesabu		Annual General Meeting Notice 2015 Taarifa ya Mkutano Mkuu wa mwaka 2015	132
Board of Directors Bodi ya Wakurugenzi	12	• Statement of Profit or Loss and other comprehensive income Taarifa ya Faida au Hasara	56	Company Information Taarifa za Kampuni	135
Chairman's Report Taarifa ya Mwenyekiti	16	• Statement of Financial Position Mizania	58	Key Contacts Anuani Muhimu	136
Managing Director's Report Taarifa ya Mkurugenzi Mtendaji	23	• Statement of Changes in Equity Taarifa ya mabadiliko ya Mtaji	60	Whistle Blowing Kutoa Taarifa	138
Corporate Governance Utawala Bora	34	• Statement of Cash Flows Mtiririko wa Fedha	61		
		• Notes to the Consolidated Financial Statements Ufafanuzi wa Taarifa za Hesabu	63		

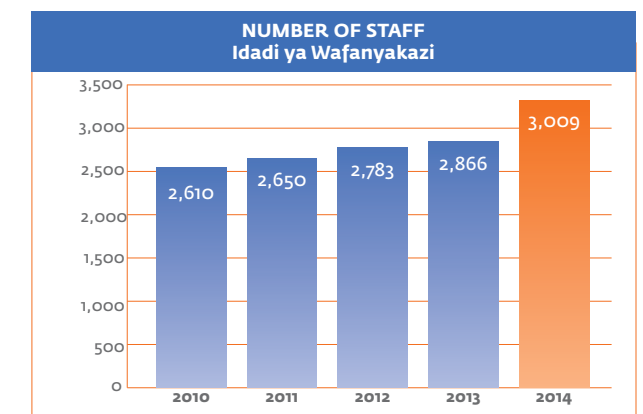
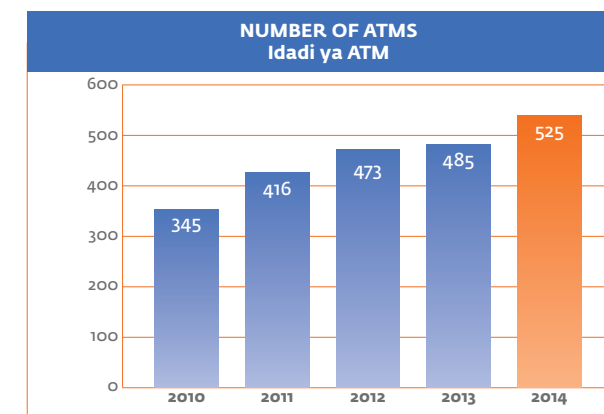
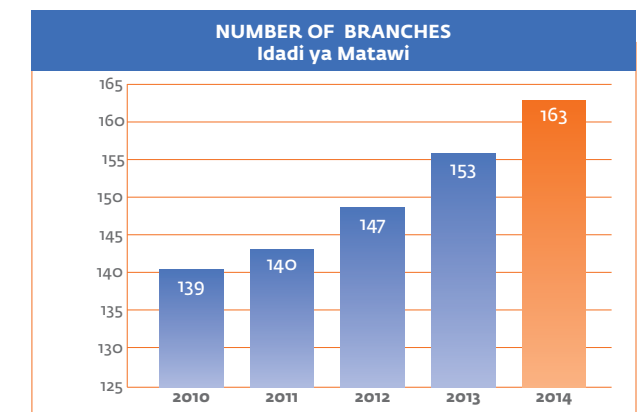
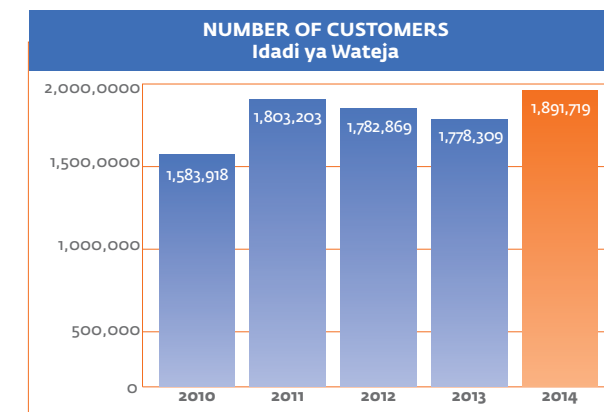
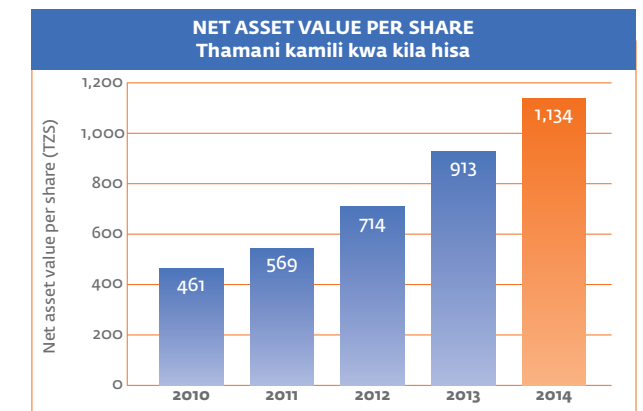
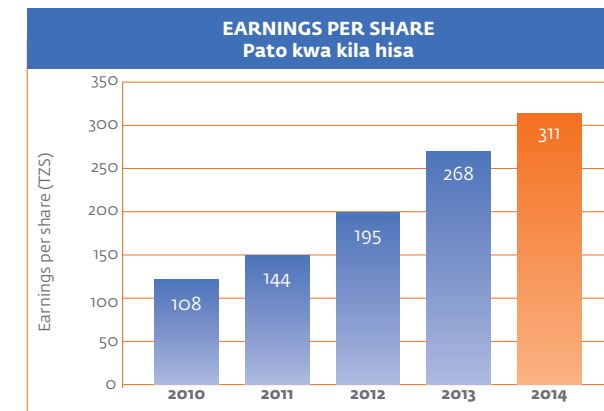
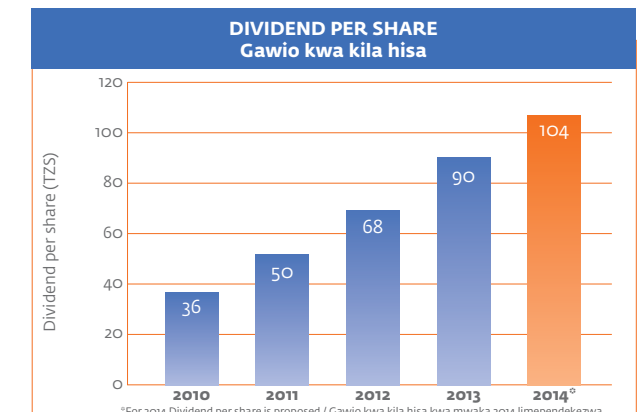
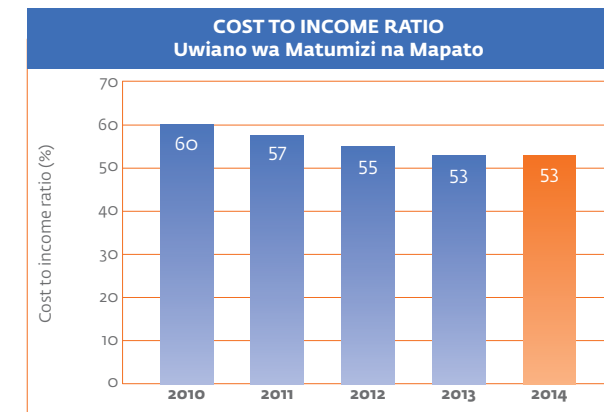
## Highlights for the Financial periods 2010 - 2014

### Mambo muhimu kwa vipindi vya fedha 2010 - 2014



## Highlights for the Financial periods 2010 - 2014

### Mambo muhimu kwa vipindi vya fedha 2010 - 2014



		2010	2011	2012	2013	2014
<b>Profitability</b>						
Total Operating Income	Tzs Million	198,325	240,560	333,287	398,405	471,530
Operating expenses	Tzs Million	119,880	152,056	198,934	225,298	273,741
Tax	Tzs Million	24,464	30,947	47,340	54,225	69,036
Net profit	Tzs Million	53,981	71,839	97,401	133,906	155,623
<b>Assets and Capital</b>						
Total Assets	Tzs Million	2,110,903	2,170,250	2,795,878	3,280,186	3,881,995
Tier 1 capital	Tzs Million	220,215	270,470	329,688	421,804	523,312
Risk Weighted Assets	Tzs Million	960,418	1,256,045	1,565,509	1,935,875	2,445,102
<b>Other</b>						
Number of customers		1,583,918	1,803,203	1,782,869	1,778,309	1,891,719
Number of Branches		139	140	147	153	163
Automated Teller Machines (ATMs)		345	416	473	485	525
Number of Employees		2,610	2,650	2,783	2,866	3,009

<b>Selected ratios</b>	2010	2011	2012	2013	2014
Return on average shareholders' equity	26%	28%	27%	29%	27%
Return on average assets	3%	3%	3%	4%	4%
Cost to income ratio	60%	57%	55%	53%	53%
<b>Capital adequacy ratio *</b>					
Tier 1 Capital ratio	23%	22%	21%	22%	21%
Tier 1 + Tier 2 Capital ratio	23%	22%	22%	23%	22%
Dividend per share	36	50	68	90	104

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

\* Capital adequacy ratios are calculated before dividend payments

<b>SHARE PERFORMANCE</b> Mwenendo Wa Hisa	<b>FORMULAS</b> Fomula	<b>UNITS</b>	2010	2011	2012	2013	2014
Basic and diluted earnings per share	PAT/Number of shares in issue	Tzs	108	144	195	268	311
Dividends per share	Total dividend /Number of shares in issue	Tzs	36	50	68	90	104
Closing share price	as per DSE	Tzs	660	850	1,120	2,620	3,400
Number of shares in issue		Millions	500	500	500	500	500
Dividend cover (times)	Basic diluted earnings per share/ dividend per share	Times	3.00	2.87	2.87	2.98	2.99
Net asset value per share	Net assets/ Number of shares in issue	Tzs	461	569	714	913	1,134
Dividend yield - ordinary dividend	Dividend per share/ closing price at DSE	%	5	6	6	3	3
Earnings yield - ordinary dividend	PAT/closing of share price	%	16	17	17	10	9
Price to Book ratio	Closing share price /Net asset value per share	Times	1.43	1.49	1.57	2.87	3.00
Price: Earnings ratio - ordinary shares	Basic diluted earnings per share/ closing share price	Times	6.11	5.92	5.74	9.78	10.93
Market capitalisation	Closing share price times No. shares in issue	Tzs Millions	330,000	425,000	560,000	1,310,000	1,700,000
Net Assets	Audited financials	Tzs Millions	230,520	284,359	356,954	456,666	567,221
Volume of shares transacted	DSE	Millions	6.4	23.0	8.7	11.0	12.1
Exchange weighted share price (Tzs)	DSE	Tzs	758	786	954	1,891	3,955

## Value added statement

## Taarifa ya Ongezeko la thamani

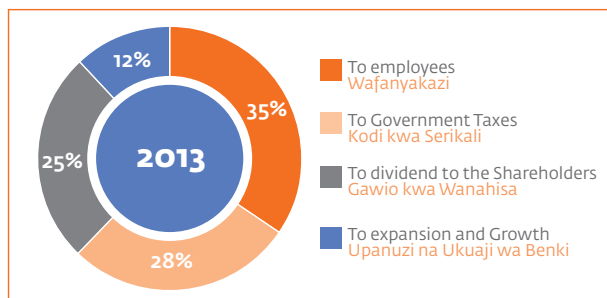
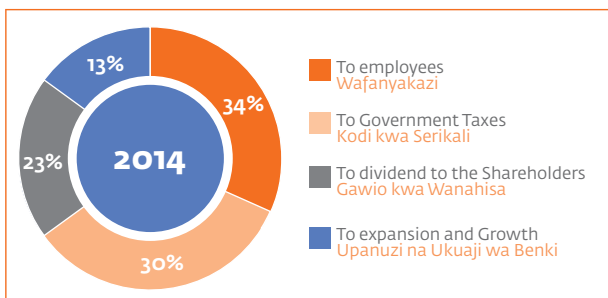
### Value added statement for the year ended 31 December 2014

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

### Taarifa ya ongezeko la thamani kwa mwaka ulioishia Disemba 2014

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

TZS 'MILLIONS	2014	%	2013	%
<b>Value added</b>				
<b>Ongezeko la thamani</b>				
Income earned by providing banking services	527,383		448,064	
Mapato yaliyoyotokana na huduma za kibenki				
Cost of service	(55,853)		(49,659)	
Gharama ya huduma				
Value added by banking services	471,530		398,405	
Ongezeko la thamani kwa huduma za kibenki				
Non operating income and operating expenses	(130,178)		(110,599)	
Mapato yasiyo ya gharama za uendes haji na matumizi				
	<b>341,352</b>		<b>287,806</b>	
<b>Value allocated</b>				
<b>Thamani zilizotengwa kwa ajili ya:</b>				
<b>To employees:</b>				
Wafanyakazi				
• Salaries and other benefits	116,693	34%	99,675	35%
• Mishahara na marupurupu mengine				
<b>To shareholders:</b>				
<b>Kwa wanahisa</b>				
• Dividend to the shareholders	45,000	13%	34,000	12%
• Gawio kwa wanahisa				
• of which to government	14,301		10,805	
• ambayo kwa Serikali ni				
<b>To Government:</b>				
<b>Kwa Serikali</b>				
• Income Tax	69,036		54,225	
• Kodi ya Mapato				
• PAYE	23,485		20,632	
• Kodi ya Ajira				
• Skills and development levy	8,200		4,706	
• Ushuru wa ujuzi na maendeleo				
	100,721	30%	79,563	28%
<b>To other stakeholders (Sponsorship/Donations):</b>	1,335		1,049	
<b>Kwa wadau wengine (Udhamini/Misaada)</b>				
<b>To expansion and growth:</b>				
<b>Upanuzi na Ukuaji wa benki</b>				
Depreciation, deferred tax and retained earnings	77,603	23%	73,519	25%
Uchakavu, kodi zinazotofautiana na mapato yaliyobakizwa				
	<b>341,352</b>	<b>100%</b>	<b>287,806</b>	<b>100%</b>



### Our Mission

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



### Our Vision

To be the preferred financial services partner in Tanzania



### NMB Values

#### WHAT DRIVES US

##### ■ Eagerness

We have a strong desire to show our best as we believe that NMB is the right place to grow to our full potential. We are always looking for opportunities/innovations and we will not run away from problems as we recognize the challenge of overcoming them.

##### ■ Ownership

We feel responsible for our own tasks so we plan our work; do our own quality control and we will not rest before we fulfill our goals. We also take ownership for a clean and safe environment, and the general well-being of NMB, no matter in which area we work.

#### WHAT BINDS US

##### ■ Customer focus

We focus on the needs of our internal and external customers and stakeholders by offering our support, manage expectations, doing what needs to be done and check satisfaction afterwards. We realize that we should always act as ambassadors of our brand and never forget that our customers pay our salary.

##### ■ Teamwork

Our job is not finished as long as we can still support our colleagues. We share and are eager to learn best practices as we are open for suggestions from colleagues. We give and accept specific feedback in a constructive manner. We also feel that we are part of the NMB family and we celebrate together our successes as The Winning Team.

#### WHAT GUIDES US

##### ■ Integrity

Integrity is our highest value. Customers and management should always be able to check and ask for proof and should never be disappointed and never rely only on 'trust'. We keep customer information confidential and report irregularities to management through whistle-blowing.

##### ■ Compliance

We have full knowledge and understanding and always comply to internal and external regulations. We act in line with our code of conduct. If we are not able to comply, we escalate or complain internally. We act as professionals by not sharing passwords and taking full responsibility for mandatory controls. We act, speak and work professionally to avoid any mistakes derived from habitual incidents.



### 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 kuwa na manufaa endelevu kwa wadau yetu wote.



### Dira Yetu

Kuwa mbia wa huduma za kifedha anayependelewa zaidi nchini Tanzania



### Maadili yetu

#### KINACHOTUSUKUMA

##### ■ Ari

Tuna azma kubwa ya kuonyesha uwezo wetu kwani tunaamini NMB ni mahali sahihi kwa ukuaji katika nyanja zote. Kila wakati tunaangalia fursa/ubunifu uboreshaji mpya na kamwe hatutakwepa matatizo kwani tunatambua changamoto zinazotukabili na tunazitafutia ufumbuzi.

##### ■ Umiliki

Tunatambua majukumu ya kazi zetu hivyo tunazipangilia, tunasimamia ubora na kamwe hatutachoka hadi kufikia malengo yetu. Pia tunawajibika kuhakikisha mazingira ya kazi ni safi na salama.

#### KINACHOTUUNGANISHA

##### ■ Tunamlenga Mteja

Tunamlenga kukidhi mahitaji ya wateja wetu wa ndani na wa nje kwa kuwapa ushirikiano ili kukidhi matarajio yao, kutekeleza kile kinachotakiwa na kuangalia mafanikio ya baadae. Tunatambua siku zote tunatakiwa kuwa mabalozi wa NMB na bila kusahau wateja wetu ndio wanaotulipa mishahara yetu.

##### ■ Ushirikiano Wetu

Kazi yetu haijakamilika ikiwa bado tunaweza kusaidia wenzetu. Tunashirikiana na tuna ari ya kujifunza mbinu bora na sahihi kwani tuko tayari kupokea maoni kutoka kwa wadau. Tunatoa na kupokea maoni kwa njia iliyo sahihi. Pia tunajiona wote ni sehemu ya familia ya NMB na tunasheherekea mafanikio yetu pamoja.

#### MIONGOZO

##### ■ Uadilifu

Uaminifu ndio mwongozo wetu mkuu. Wakati wote Wateja na Uongozi wanatakiwa kuangalia na kupata Uthibitisho na kamwe wasikatishwe tamaa. Tunatunza siri za wateja wetu na kutoa taarifa mara moja kwa uongozi pale ambapo mambo hayaendi sawa.

##### ■ Utimilifu

Tuna uelewa na ujuzi wa kutosha na siku zote tunafuata taratibu za ndani na nje ya Benki katika kutimiza wajibu wetu. Ikiwa tuna tatizo na kufuata taratibu za ndani kwa sababu za msingi basi tunaenda mbele zaidi na kutafuta ufumbuzi. Tunatekeleza kazi zetu kitaalamu kwa kubeba majukumu yote ya lazima ya kisheria kuepuka makosa katika matukio ya kila siku.





NMB was established under the National Microfinance Bank Limited Incorporation Act of 1997, following the break-up of the old National Bank of Commerce, by an Act of Parliament. Three new entities were created at the time, namely: (a) NBC Holdings Limited (b) National Bank of Commerce (1997) Limited and (c) National Microfinance Bank Limited.

Initially NMB could only provide payment services as well as offer savings accounts, with limited lending capabilities, before becoming a fully-fledged universal retail bank.

Benki ilianzishwa kutokana na Sheria ya Bunge ya "National Microfinance Bank Limited" ya mwaka 1997, kufuatia kuvunjwa kwa iliyokuwa Benki ya Taifa ya Biashara kwa mujibu wa sheria ya Bunge. Taasisi tatu mpya ziliundwa wakati huo ambazo ni NBC Holding Corporation Ltd, National Bank of Commerce (1997) Limited na National Microfinance Bank Limited (NMB).

Mwanzoni NMB ilikuwa ikitoa huduma za malipo na akaunti za akiba pamoja na mikopo kwa kiwango kidogo.

In 2005, the Government of the United Republic of Tanzania privatized the bank when it sold part of its shareholding (49%) to a consortium led by the Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. ('Rabobank Group').

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

Subsequently, there was further divestiture in 2008 when the Tanzanian Government off loaded another 21% of its shareholding to the Tanzanian public through an Initial Public Offering (IPO). The listing of the bank's stock on the Dar es Salaam Stock Exchange has led to a diversified ownership structure.

Kwa mara nyingine, mwaka 2008 Serikali ya Tanzania ilipunguza tena asilimia ishirini na moja (21%) ya hisa zake kwenye benki kwa mara ya kwanza kwa umma wa Watanzania (Initial public offering).

## 2014 Financial Highlights

### MILESTONE

NMB has seen a massive growth over the last 10 years and in 2014 outperformed competitors in Tanzania in virtually all key financial indicators.

With assets valued close to TZS 4 trillion in December 2014, up from TZS 3.2 trillion one year ago, NMB made a net profit of TZS 156 billion after tax, rising from TZS 134 billion in the previous year.

In 2014, the bank paid TZS 117 billion as corporate tax, levies and dividends from about TZS 101 billion it paid in 2013.

The value of government shares stand at TZS 755 billion, with the share price rising from TZS 600 in 2008 to TZS 3,400 today.

With its financial foundation, NMB pays a consistent dividend to its shareholders; making its dividend ripe for an increase year on year. It paid a dividend of TZS 90 per share for the same year out of 2013 profit and proposed a dividend of TZS 104 per share out of 2014 profit.

Total deposits in 2014 were TZS 3.0 trillion while loans and advances were TZS 2.0 trillion for the same year.

NMB's strong financial record is beneficial to the country's economy and investors in tax revenues and profit on investment while supporting over 3000-staff workforce.

## Vielelezo Muhimu vya Kifedha 2014

### UKUAJI THABITI WA PATO LA FEDHA

NMB imeshuhudia ukuaji mkubwa wa mapato yake katika kipindi cha miaka 10 iliyopita. Mwaka 2014 NMB iliwaacha mbali washindani wake katika viashiria vyote kifedha.

Ikiwa na rasilimali zenye thamani ya zaidi ya Sh trilioni 4 hadi kufikia Desemba 2014, ikiwa ongezeko kutoka Sh 3.2 trilioni mwaka uliyopita, NMB ilingiza Shilingi bilioni 156 baada ya kodi, ikiwa ni ongezeko kutoka Sh bilioni 134 ilizopata mwaka uliotangulia.

Mwaka 2014, benki ililipa Sh bilioni 117 kama kodi, tozo na gawiwo ikiwa ni ongezeko kutoka Shilingi bilioni 101 ilicholipa mwaka 2013.

Thamani ya hisa za Serikali ni Shilingi bilioni 755, kukiwa na ongezeko la thamani yake ambayo iliongezeka kutoka Shilingi 600 mwaka 2008 hadi Shilingi 3,400 leo hii.

Ikiwa na misingi imara ya kifedha, NMB imekuwa ikilipa gawiwo kwa wanahisa bila kukosa na kufanya gawiwo lake lililopevuka kuongezeka mwaka hadi mwaka. Imetoa gawiwo la Sh 90 kwa hisa kutoka faida ya mwaka 2013 na imeahidi kutoa gawiwo la Sh 104 kwa hisa kutoka faida ya mwaka 2014.

Jumla ya amana zote za benki kwa mwaka 2014 ilikuwa Sh trilioni 3.0 wakati mikopo ikiwa ni Shilingi trilioni 2.0 kwa mwaka huo.

Rekodi thabiti ya kifedha ya NMB ina manufaa makubwa kwa uchumi wa nchi na wawekezaji katika kuingiza mapato yanayotokana na kodi na faida ya uwekezaji huku ikitoa ajira kwa karibu wafanyakazi 3,000.



2



## Our Customers

NMB's customer base remains representative of Tanzania as a whole and includes government, civil servants, large corporate, SME's and MSE's, agriculture including small scale farmers, and microfinance institutions, as well as the Tanzanian public, both in rural and urban areas. NMB relies on its widespread distribution network to reach out to its customers and is one of the key players in improving financial inclusion in Tanzania.

## NMB - Touching a part of your life everyday!

At National Microfinance Bank (NMB), deployment of new technology has opened a whole range of opportunities to bring an exciting banking experience to our customers.

The bank has pioneered some major innovations to cement its position as the leader in the financial sector market to make sure that customers and potential customers remain loyal to the bank.

Innovations such as Mobile Banking, Internet Banking and Pesa Fasta – an ATM based remittance product targeted at the unbanked, introduction of NMB MasterCard, integration with Airtel Money, Tigo Pesa, M – Pesa and NMB Wakala has created convenience towards banking experiences while bringing services even more closer to customers.

At NMB, customer satisfaction is our priority. Tailor-made products have been rolled out to deliver incomparable banking experience in our 163 plus network of branches and over 525 ATM's. Customers can access a wide range of superior and exclusive services.

Our Dedicated branches offer services to customers with special requirements for fast, smooth, secure and cost-efficient financial operations. NMB arranges and delivers time saving banking tasks for its customers, while they can concentrate on other operational matters. These on demand services include; Cash In Transit – CIT, Wage Packaging, Bills payment, Cash Collection Point (CCP), SFI - Corporate Bulk File Processing and Exclusive Centers which acknowledge the importance of the small and medium enterprises (SMEs), NMB has established 4 business centers to exclusively serve this business segment.

Apart from the business side, NMB's Corporate Social Responsibility (CSR) has increasingly become part of our customer's lives through the support the bank offers in education, health and disaster recovery, the bank believes in sharing its success with the society.

We have become part of your life and this bond is what sets us apart from other banks.

## Wateja wetu

Aina ya wateja wanaohudumiwa na NMB wana uwakilishi wa makundi yote ya Tanzania ikiwa ni pamoja na serikali, watumishi wa umma, mashirika makubwa, wateja wadogo na wa kati na wakubwa, wakulima wadogo na taasisi ndogo ndogo za kifedha, pamoja na umma wa Watanzania waishio vijijini na mijini. NMB inategemea mtandao wake mpana wa utoaji huduma katika kuwafikia wateja wake na ni moja ya taasisi zinazoongoza katika kuwawezesha Watanzania kupata huduma za kifedha.

## Our People

Our staff are also shareholders in NMB and together with their families have a direct interest and stake in the long term success of NMB.

## Wafanyakazi

Wafanyakazi wetu ni wanahisa wa NMB, pamoja na familia zao wana masilahi ya moja kwa moja na ni sehemu ya mafanikio ya muda mrefu ya NMB.

## Ownership

The total number of shareholders as at 31 December 2014 was 17,820.

## Umiliki

Jumla ya wanahisa tarehe 31 Disemba 2014 inakadiriwa kufikia 17,820.

## NMB - Tunagusa sehemu ya maisha yako ya kila siku!

Usambazaji wa tekinolijia mpya kwa Benki ya NMB imefungua fursa nzuri kwa wateja katika shughuli mbalimbali za kibenki wanazoweza kupata.

NMB imekuwa kinara katika kubuni huduma mbalimbali ikiwa ni katika kuimarisha nafasi yake ya uongozi katika sekta ya fedha na kuhakikisha wateja wanajenga imani kwa benki yao.

Huduma kama za matumizi ya huduma za kibenki kupitia simu za mkononi (mobile Banking) - Airtel Money, Tigo Pesa, M - pesa, na NMB Wakala - Matumizi ya mtandao wa internet kupata huduma za kibenki, utumaji wa fedha kutumia Pesa Fasta - huduma ya ATM inayowalenga wasiokuwa na akaunti ya benki, uanzishwaji wa NMB MasterCard. Yote haya yameleta uharaka na unafuu wa huduma za kibenki huku yakileta huduma karibu zaidi ya wateja.

Kwa NMB, kukidhi mahitaji ya mteja ndilo jambo la kipaumbele, tumebuni bidhaa mbalimbali kwa nia ya kutoa utofauti wa huduma za kibenki zinazopatikana katika matawi yetu zaidi ya 163 na mashine za kutolea fedha za ATM zaidi ya 525. Wateja pia wanaweza kupata huduma mahususi katika matawi yetu mengi zaidi.

Wateja wenye NMB Personal Account si tu wana uhakika wa huduma kwa masaa 24/7 katika zaidi ya mashine za ATM 525, bali wanaweza kuchagua kuwa na akaunti za shilingi za kitanzania, dola za kimarekani, pauni ya uingereza au hata Euro ya bara la Ulaya. Matawi yetu yanatoa huduma kwa wateja wenye mahitaji maalumu kwa huduma za haraka, salama na zenye gharama nafuu. Huduma zingine zinazopatikana kwa kuomba ni; huduma inayomwezesha mteja kuhamisha fedha kutoka benki au kinyume chake yaani Cash In Transit – CIT, malipo ya bili mbalimbali – Bill Payments, malipo ya watu wengi - Cash Collection Point (CCP), huduma za mteja, kampuni taasisi na serikali kupitia malipo ya mshahara, malipo ya pension au gawio la hisa - SFI- Corporate Bulk File Processing na vituo vya biashara vya NMB (NMB Business Centres) mahususi kwa wafanyabiashara wadogo, wa kati na wakubwa.

Mbali na huduma za kibiashara, Uwajibikaji kwa Jamii kwa NMB – Corporate Social Responsibility (CSR) imekuwa sehemu ya maisha ya wateja kupitia misaada ambayo benki inatoa katika maeneo ya elimu, afya na misaada nyakati za majanga, benki inaamini katika kutumia sehemu ya faida yake kusaidia jamii.

Tumekuwa sehemu ya maisha ya jamii na hiki ndicho kinachotutofautisha sisi na benki zingine.



## Board of Directors | Bodi ya Wakurugenzi



**Joseph Semboja**  
Board Chairman

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

Prof Joseph Semboja ni mtaalamu aliyebobea katika masuala ya uchumi, ana uzoefu mkubwa wa utafiti kwenye ukuaji wa uchumi na kupunguza umaskini. Ana shahada ya BA na MA kutoka Chuo Kikuu cha Dar es Salaam, MSc na PhD kutoka Chuo Kikuu cha Illinois, Urbana – Champaign. Kwa sasa anaongoza taasisi ya kuimarisha uwezo wa viongozi inayojulikana kama UONGOZI Institute.



**Lilian R. Komwihangiro**  
Company Secretary and Legal Counsel



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

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



**Albert Jonkergouw**  
Vice Chairman

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

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



## Board of Directors | Bodi ya Wakurugenzi

**Jos van Lange**  
Board Director



Mr. Jos van Lange is an Economist by profession and is currently the Chief Executive Officer of Rabo Real Estate Group, an international real estate company of Rabobank formed by the merger of several real estate companies. Prior to this role, Mr. van Lange was the Director of Retail Banking of Rabobank in the Netherlands.

Bwana Jos van Lange ni Mchumi kitaaluma na kwa sasa ni Mkurugenzi Mtendaji wa Makampuni ya Kimataifa ya Mali zisizohamishika ya Rabo, (Rabo Real Estate Group). Kampuni ya Kimataifa ya Mali zisizohamishika ya Rabobank awali iliungana na kampuni mbalimbali za mali zisizohamishika. Kabla ya kushika wadhifa huu, Bwana van Lange alikuwa Mkurugenzi wa kitengo cha huduma kwa wateja wadogo (Retail Banking) cha Rabobank ya Uholanzi.



**Mike Laiser**  
Board Director

Mr. Mike Laiser is the former Director General of Small Industries Development Organisation (SIDO). Prior to SIDO, Mr. Laiser was an Executive Director of a UNDP funded income generation programme. He has over 25 years working experience in managing and consulting SME development in Tanzania and other SADC countries.

Bwana Mike Laiser aliwahi kuwa Mkurugenzi Mkuu wa Shirika la Maendeleo ya Viwanda Vidogo vidogo (SIDO). Kabla ya SIDO Bwana Laiser aliwahi kuwa Mkurugenzi Mtendaji wa Programu za msaada wa kukuza kipato za UNDP. Ana uzoefu wa zaidi ya miaka 25 katika kuongoza na kushauri wafanyabiashara wadogo na wa kati nchini Tanzania na katika nchi nyingine za SADC.



**William Mlaki**  
Board Director



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

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



## Board of Directors | Bodi ya Wakurugenzi



**Protase Tehingisa**  
Board Director

Mr. Protase Tehingisa is a specialist in corporate and investment law. He formerly worked as Secretary/Chief Legal Counsel of the East African Development Bank. Prior to that he worked as a State Attorney at the Attorney General's Chambers, and was also once the Corporation Counsel at the Tanzania Legal Corporation.

Bwana Protase Tehingisa ni mtalaamu wa sheria za uwekezaji wa makampuni. Amewahi kufanya kazi kama Katibu / Mwanasheria Mfawidhi katika Benki ya Maendeleo ya Afrika Mashariki (EADB). Kabla ya hapo alikuwa Mwanasheria wa Serikali katika ofisi ya Mwanasheria Mkuu wa Serikali na pia alishawahi kuwa Mshauri katika Chama cha Wanasheria Tanzania.



**Margaret Ikongo**  
Board Director



Mrs Margaret Ikongo is a Chartered Insurer by profession. She also holds an International Certificate in Risk Management. She was the Managing Director of the National Insurance Corporation for over 10 years. She has also served on the boards of different re insurance companies. She currently works as an independent insurance consultant.

Bi. Margaret Ikongo amesajiliwa kama "Chartered Insurer" katika taaluma ya Bima. Pia ana Cheti cha Kimataifa katika Taaluma ya Usimamizi wa Majanga. Alikuwa Mkurugenzi Mtendaji wa Shirika la Bima la Taifa kwa zaidi ya miaka 10. Pia amewahi kuwa mkurugenzi wa bodi katika makampuni mbalimbali ya Bima. Kwa sasa ni mshauri wa kujitegemea katika masuala ya Bima.



**Anne Mbughuni**  
Board Director

Mrs. Anne Mbughuni is an Accountant by profession, registered with the National Board of Accountants and Auditors (NBAA) as a Certified Public Accountant. She holds an Advanced Diploma in Certified Accountancy, a Certified Public Accountant (CPA) professional degree and a Masters of Social Science in Accounting and Development Finance from the University of Birmingham, UK. She is currently the Director of Finance and Administration at the National Insurance Corporation of Tanzania Ltd.

Bi. Anne Mbughuni ni Mhasibu kitaaluma, amesajiliwa na Bodi ya Taifa ya Uhasibu na Ukaguzi wa Hesabu (NBAA) kama "Certified Public Accountant". Ana stahabada ya juu ya Uhasibu, cheti cha juu cha kitaaluma katika uhasibu yaani CPA na shahada ya uzamili katika Sayansi ya Jamii katika Uhasibu na masuala ya Fedha kutoka Chuo Kikuu cha Birmingham, Uingereza. Kwa sasa ni Mkurugenzi wa Fedha na Utawala katika Shirika la Bima la Taifa.



**Mark Wiessing**  
Managing Director



Managing Director – Mark Wiessing joined NMB in December 2010 as CEO and in 2014, his title was changed to Managing Director. He was the CEO of Zambia National Commercial Bank PLC (Zanaco) from 2007 to 2010. He previously held senior positions at Standard Bank of SA Ltd, Citibank and ING Bank with postings in a number of emerging markets in Africa, Asia, Eastern Europe and Latin America. Mr. Wiessing holds an MBA from the University of Georgia, USA.

Bwana Mark Wiessing alijiunga na NMB mwezi Disemba 2010 kama Afisa Mkuu Mtendaji na mwaka 2014 cheo chake kilibadilika kuwa Mkurugenzi Mtendaji. Alikuwa Afisa Mkuu Mtendaji wa Benki ya Taifa ya Biashara ya Zambia (ZANACO) kutoka mwaka 2007 hadi mwaka 2010. Pia aliwahi kushika nafasi za juu kwenye Standard Bank of SA Ltd, Citibank na katika ING Bank. Alishika nafasi mbalimbali katika nchi zinazoendelea za Afrika, Asia, Ulaya Mashariki, na Amerika ya Kusini. Bwana Wiessing alipata Shahada ya Uzamili ya Usimamizi wa biashara (MBA) kutoka Chuo Kikuu cha Georgia, nchini Marekani.



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It is my great pleasure to present to the shareholders and key stakeholders of National Microfinance Bank PLC

("NMB") the financial and operational results of the Bank for 2014. I am pleased to say that once again the Bank has performed well and it retains a solid foundation for sustainable success in the future."



Ninayo heshima kuwasilisha kwa wanahisa na wadau muhimu wa National Microfinance Bank

PLC ("NMB") taarifa ya matokeo ya kifedha na utendaji ya Benki ya mwaka 2014.

Ninayo furaha kusema kwamba kwa mara nyingine tena benki imefanya kazi vizuri na imeendelea kudumisha msingi imara wa mafanikio endelevu kwa siku sijazo."



## The Journey so far

The year under review marks an important milestone in the Bank's strategic development as we complete the successful execution of our current medium term plan (which started in 2011 and is set to expire in mid-2015) and transition to our new 5-year plan covering 2015-2020. We have named this new medium term plan "Vision 2020" and it will be our most transformative yet.

The initiatives undertaken by the Bank over the past 5 years have yielded significant growth and achievement. NMB has grown significantly in size: the number of customer accounts grew from about 1.5 million in 2010 to 1.9 million in 2014; ATMs grew from 345 to 525; the number of retail branches grew from 139 in 2010 to 163 branches. In financial terms, total operating income grew from TZS 198.3 billion in 2010 to TZS 471.5 billion in 2014 and our profit after tax increased from TZS 53.9 billion in 2010 to TZS 155.6 billion in 2014.

This performance has resulted in the Bank being awarded several accolades in the last few years, culminating in NMB being named "Best Bank in Tanzania 2013 & 2014" by Euromoney Magazine, "The Bank of the Year in Tanzania 2013 & 2014" by the Banker, "The Most Compliant Tax Payer in Financial Sector" 2013 & 2014 by Tanzania Revenue Authority, "Winner in the Banking Category" by National Board of Accountants and Auditors 2013 & 2014, and our Managing Director (MD), Mr Mark Wiessing, being named "CEO of the Year in Africa for 2014" by Africa Investor Magazine.

## Achievement according to Medium Term Plan (MTP)

As information technology (IT) has become the backbone through which banking services are provided in the modern age, we have invested heavily as part of the current MTP in revamping our entire IT platform. Firstly, we installed a newly upgraded and powerful core banking system named FLEXCUBE in 2011. Secondly, we implemented an IT infrastructure remediation project to ensure operational efficiency and maximum utilization. Finally, by mid-2015, we will have finished creating a state-of-the art Tier 3 data centre to power our IT platform; this data centre will be the first of its kind in Tanzania. These IT related initiatives are all aimed at ensuring that NMB has the IT infrastructure needed to drive its business for the years to come.

Significant changes were implemented to align ourselves more closely with our customers' needs. We reorganised the Bank to have 3 primary business divisions namely: Retail Banking, Wholesale Banking and Treasury whereas previously Wholesale Banking and Treasury were not distinct divisions. The establishment of the Wholesale Banking division has proven to be a good decision. In the last few years NMB has gone from having very few corporate and institutional (non-Government) customers; to a position where NMB can now count nearly all major Tanzanian corporates as a

## Safari hadi sasa

Mwaka huu wa fedha unaaanzisha tukio muhimu la kihistoria katika maendeleo ya mkakati wa Benki wakati ambapo tunamaliza utekelezaji wenye mafanikio wa mpango wetu wa kati uliopo sasa (ulioanza mwaka 2011 na ambao umekusudiwa kumalizika katikati ya mwaka 2015) na kuelekea katika mpango wetu wa miaka mitano unaohusisha mwaka 2015 - 2020. Mpango huu wa kati (MTP) unaitwa "Vision 2020" na utakuwa ni mpango wetu wa mabadiliko ambao haujawahi kutokea.

Jitihada zilizofanywa na benki kwa zaidi ya miaka 5 iliyopita zimeleta mafanikio makubwa katika ukuaji wa benki. NMB imekua sana, idadi ya akaunti za wateja imeongezeka kutoka kiasi cha milioni 1.5 mwaka 2010 hadi milioni 1.9 mwaka 2014; ATM zimeongezeka kutoka 345 hadi 525; idadi ya matawi imeongezeka kutoka matawi 139 mwaka 2010 hadi matawi 163. Kifedha, mapato yameongezeka kutoka Shilingi za Tanzania bilioni 198.3 mwaka 2010 hadi Shilingi bilioni 471.5 mwaka 2014, na faida baada ya kodi imeongezeka kutoka Shilingi za Tanzania bilioni 53.9 mwaka 2010 hadi Shilingi bilioni 155.6 mwaka 2014.

Utendaji huu umewezesha Benki kutunukiwa himidi kadhaa katika miaka michache iliyopita, ikiwemo NMB kutunukiwa na Euromoney Magazine kama "Benki Bora Tanzania kwa Mwaka 2013 na 2014", "Benki Bora ya Mwaka 2013 & 2014" na Jarida la the Banker, "tuzo ya mlipa kodi bora katika taasisi za kifedha" na Mamlaka ya Mapato Tanzania (TRA), "Mshindi katika taasisi za fedha" na Bodi ya Taifa ya Uhasibu na Ukaguzi wa Mahesabu kwa mwaka 2013 & 2014, na Mtendaji wetu Mkuu (MD), Bw. Mark Wiessing kutunukiwa na Africa Investor Magazine kama "Afisa Mtendaji Mkuu wa Mwaka 2014 katika Afrika."

## Jitihada za Kimkakati

Kwa kuwa teknolojia ya habari (IT) imekuwa ni nyenzo muhimu katika kutoa huduma za kibenki katika zama za sasa, tumewekeza sana kama sehemu ya mpango wetu wa muda wa kati (MTP) katika kuwekeza kwenye teknolojia ya habari. Kwanza, mwaka 2011 tuliweka mfumo mpya wa kibenki wenye nguvu na wa kisasa uitwao FLEXCUBE. Pili, tulitekeleza mradi wa marekebisho ya miundombinu ya teknolojia ya habari ili kuleta ufanisi wa utendaji na matumizi ya upeo wa juu. Mwisho, ifikapo katikati ya mwaka 2015 tutakuwa tumemaliza kutengeneza adhimu bora Daraja la 3 la kituo cha habari ili kuupa nguvu mfumo wetu wa teknolojia ya habari; kituo hiki cha habari kitakuwa ni cha aina yake Tanzania. Jitihada hizi zinazohusiana na masuala ya teknolojia ya habari zote zinalinga katika kuhakikisha kwamba NMB inakuwa na miundombinu ya teknolojia ya habari inayohitajika katika kusukuma mbele shughuli zake kwa miaka ijayo.

Mabadiliko makubwa yalitekelezwa ili kuhudumia vizuri zaidi mahitaji ya wateja wetu. Tuliunda upya Benki ili tuweze kuwa na vitengo 3 vya msingi vya shughuli za kibenki ambavyo ni: shughuli za kibenki za Wateja Wadogo Wadogo (Retail Banking), shughuli za kibenki za Wateja Wakubwa (Wholesale Banking) na hazina (Treasury), ambapo zamani shughuli za kibenki za wateja wakubwa na hazina havikuwa vitengo tofauti. Kuanzishwa kwa shughuli za kibenki za wateja wakubwa kumethibitisha kwamba kufanya hivyo ulikuwa ni uamuzi sahihi. Kwa miaka michache iliyopita NMB imeweza kutoka kwenye hali ya kuwa na wateja wakubwa wachache ambao ni mashirika na taasisi (ambazo



customer. Thanks to the development of an attractive suite of corporate banking products, we have managed to capture a significant portion of the local corporate banking market and we see ourselves continuing to do so in the years to come.

The operations of NMB have also been significantly revamped in the last few years. We have expanded the channels through which we provide our services. For example, we improved "NMB Mobile", our mobile banking service that enables retail customers to perform basic banking transactions through their mobile phone. This has made banking much more convenient for customers. We also entered into strategic partnerships with mobile network operators (MNOs) to allow fund transfers between customers' NMB bank accounts and MNO mobile wallet accounts. We also entered into agreements that enable NMB customers to deposit cash into their NMB bank accounts by using MNO agents. Finally, in 2014 we began piloting "NMB Wakala" as part of our Agency Banking strategy. This involves the creation of a dedicated network of NMB agents that will be able to provide basic banking services to our customers including: cash withdrawal; cash deposit; funds transfer and eventually account opening.

In terms of facilities, we implemented "Sura Mpya", a large-scale 3-year project to redesign and refurbish our entire branch network, greatly improving the layout and appearance of our branches so that customers and staff have a pleasant environment to transact their business. During this period we also designed and constructed our new corporate headquarters, built with an eye towards the future as we have outgrown our current head office location. Staff will be relocated to the new headquarters in mid-2015.

These strategic initiatives focused on enhancing our customer service, operational capability and infrastructure have already borne fruit and have put NMB in a strong position for the next stage of growth.

## The Road Ahead

The next phase of the Bank's development will be based on our "Vision 2020" plan. Under this plan, the Bank aims to align its product and service offering with the market environment Tanzania will find itself in by 2020. NMB will pursue a transformation in its scale and scope of operations by utilising its infrastructure and technology capabilities to drive efficiencies, growth and value. We believe that this initiative will move the Bank closer towards achieving its vision of transforming the lives of Tanzanians through supporting the economic growth in the country. We recognize the rapid development of the Tanzanian

si taasisi za kiserikali), hadi kufikia katika nafasi ambayo NMB inaweza sasa kutambulika kuwa ni benki ya mashirika yote makubwa Tanzania. Hali hii imewezeshwa na kutengenezwa kwa bidhaa za kibenki mahsusi na za kuwavutia wateja wakubwa, tumeweza kuteka sehemu kubwa ya soko la wateja wakubwa na tutaendelea kufanya hivyo miaka ijayo.

Katika miaka michache iliyopita shughuli za NMB kwa kiwango kikubwa pia zimeboreshwa sana. Tumepanua njia ambazo tunatolea huduma zetu. Kwa mfano, tumeanzisha "NMB Mobile", ambayo ni huduma ya kibenki kwa njia ya simu za mkononi ambayo inawasaidia wateja wadogo wadogo kuweza kufanya miamala ya msingi kupitia kwenye simu zao za mikononi. Utaratibu huu umewezeshwa shughuli za kibenki kuwa rahisi na zisizokuwa na usumbufu kwa wateja. Pili tuliingia katika ubia wa kimkakati na mtandao wa watoa huduma ya simu za mkononi yaani mobile network operators (MNOs) ili kuwezesha uhamishaji wa fedha kati ya wateja wenye akaunti na NMB na wateja wenye akaunti na MNO. Pia tumeingia mkataba ambao unawawezesha wateja wa NMB kuweka fedha zao kwenye akaunti zao za NMB na akaunti za MNO. Tumeingia pia kwenye mikataba ambayo itawawezesha wateja wa NMB kuweka fedha kwenye akaunti zao kwa kuwatumia mawakala wa MNO. Mwisho, mwaka 2014 tulianza kuifanyia majaribio (piloting) "NMB Wakala" kama sehemu yetu ya mkakati wa kuendesha shughuli za kibenki kwa kuwatumia mawakala (Agency Banking). Mkakati huu unahusisha kutengeneza mtandao wa mawakala wa NMB waliojitoa kwa dhati ambao wataweza kutoa huduma za msingi za kibenki kwa wateja wetu ikiwa ni pamoja na: kutoa fedha taslimu; kuweka fedha taslimu; uhamishaji wa fedha na hatimaye kufungua akaunti.

Kuhusiana na sehemu za kutolea huduma tumetekeleza mradi uitwao "Sura Mpya", ambao ni mradi mkubwa wa miaka 3 unaohusisha kukarabati mtandao wa matawi yetu yote, na kwa kufanya hivyo tutaweza kuboresha sana muonekano wa matawi yetu ili wateja na wafanyakazi waweze kuwa na mazingira ya kupendeza ya kufanyia kazi zao. Katika kipindi hiki pia tunajenga Makao Makuu yetu kwa sababu shughuli zetu zimekua kiasi cha kuzidi uwezo wa makao yetu makuu ya sasa. Wafanyakazi watahamia katika makao yetu makuu mapya ifikapo katikati ya mwaka 2015.

Jitihada hizi za kimkakati zililenga katika kupanua huduma kwa wateja wetu, uwezo wa kiutendaji na miundombinu vimeishaanza kuzaa matunda na zimeiweka NMB katika nafasi imara kwa ajili ya hatua ya ukuaji inayofuata.

## Hatua Inayofuata

Awamu inayofuata ya maendeleo ya Benki itawekwa katika mpango wetu wa "Vision 2020". Ndani ya mpango huu, Benki inalenga katika kuzifanya bidhaa zake ziendane sambamba na utoaji wa huduma katika mazingira ya soko ambayo Tanzania itakuwemo ifikapo mwaka 2020. NMB itafanya mabadiliko katika viwango na uwezo wa utendaji kwa kutumia miundombinu yake na uwezo wa kiteknolojia katika kusukuma mbele ufanisi, ukuaji na thamani. Tunaamini kwamba jitihada hii itaisogeza Benki karibu na

economy. A fast growing population with increased urbanization; growth in the services and manufacturing sectors; increased commercial agriculture and the emergence of the gas sector will drive economic growth in the coming years. The role that financial institutions such as NMB can play in supporting these developments is unique and provides significant commercial opportunities if pursued wisely. As such, in Vision 2020 we will seek to strengthen our product offering and sector expertise in rapidly growing and dynamic areas. We will also look to introduce new products tailored towards the emerging "consumer class" in Tanzania while catering to the segment of the population that remains underserved.

## Financial Performance

NMB continued to do well in 2014 thanks to: sound management policies; a resilient local economy and a favourable interest rate environment. By virtually all key metrics it was another year of strong performance by the Bank. Net loans grew 24% to TZS 2.0 trillion and deposits up 16% to TZS 3.0 trillion. Our reported profit after tax of TZS 155.6 billion is another record for the Bank.

The Bank's balance sheet remained strong. The NPL ratio was less than 3% for our entire loan book and our total capital adequacy ratio stood at 22% at year-end 2014. The Bank realized a return on equity of 27% for the year. NMB's share price performed very well throughout 2014, the Bank's share price appreciated by 30% in the year from TZS 2,620 per share to TZS 3,400 per share at year end.

## Governance & Board Changes

2014 will be the last full year under the leadership of Chief Executive Officer (CEO) and Managing Director (MD), Mark Wiessing. Mr Wiessing joined the NMB in 2011 and has been instrumental in driving through the significant changes in the Bank in the last 4 years. Under his leadership, NMB has increased its stock market value several fold and generated significant returns for its shareholders. Mr Wiessing leaves the Bank at the end of February 2015 to pursue new career opportunities within Rabobank, our strategic partner. On behalf of the Board of Directors, I thank Mr Wiessing for his extraordinary leadership and tireless work.

At the same time, the Board welcomes Ms Ineke Bussemaker to NMB. Ms Bussemaker will assume the role of Managing Director after BOT approval is obtained. She comes with a wealth of banking and leadership experience having held senior management roles at ABN Amro, Citibank and Rabobank previously. We are delighted to have her on board.

kufikia dhima yake ya kubadilisha maisha ya watazania. Tunatambua kasi ya ukuaji wa uchumi wa Tanzania. Ukuaji wa kasi wa idadi ya watu pamoja na ukuaji wa miji; ukuaji katika tasnia ya huduma na utengenezaji wa bidhaa; ongezeko la kilimo cha kibiashara na ujio wa tasnia ya gesi vitasukuma ukuaji wa uchumi kwa miaka ijayo. Jukumu ambalo taasisi za kifedha kama NMB linaweza kufanya katika kusaidia maendeleo haya ni la kipekee na linatoa fursa kubwa za kibiashara kama jukumu hili litafanyika kwa busara. Kutokana na hali hii, katika Vision 2020 tutahitaji kuimarisha utoaji wa bidhaa zetu na umahili katika tasnia yetu katika maeneo yanayokuwa kwa kasi na yenye mabadiriko. Tunatazamia kuanzisha bidhaa mpya zitakazoendana na "kundi la walaji" linaloibukia katika Tanzania tukiwa tunaendelea kuhudumia sehemu ya watu ambayo inaendelea kutokupata huduma inavyotakiwa.

## Utendaji wa Kifedha

Katika mwaka 2014 NMB iliendelea kufanya vizuri na shukurani ziende kwa: sera nzuri za menjementi; uchumi wenye hali ya kunyumbulika pamoja na mazingira mazuri ya riba. Kwa kutumia kila aina ya vipimo mwaka 2014 ulikuwa ni mwaka mwingine ambao Benki ilifanya vizuri. Mikopo halisi ilikua kwa asilimia 24% ikifikia Shilingi za Tanzania trilioni 2.0 na amana zikikua kwa asilimia 17% na kufikia Shilingi za kitanzania trilioni 3.0. Faida yetu baada ya kutoa kodi iliyotolewa taarifa ya kiasi cha shilingi za Tanzania bilioni 155.6 ni kiwango kingine cha juu cha Benki.

Mizania ya Benki iliendelea kiumarika. Uwiano wa mikopo isiyolipika (NPL) ulikuwa chini ya asilimia 3% kwa mikopo yote na jumla ya "capital adequacy ratio" ilikuwa ni asilimia 22% mwisho wa mwaka 2014. Benki ilipata "return on equity" ya asilimia 27% kwa mwaka 2014. Bei ya hisa za NMB ilikuwa nzuri kwa mwaka wote wa 2014, bei ya hisa ya benki ilipanda thamani kwa asilimia 30% kwa mwaka huo kutoka Shilingi za Tanzania 2,620 kwa hisa hadi Shilingi za kitanzania 3,400 kwa hisa mwisho wa mwaka.

## Utawala na Mabadiliko kwenye Bodi

Mwaka 2014 utakuwa ni mwaka uliokamilika chini ya uongozi wa Mtendaji Mkuu (CEO) na Mkurugenzi Mtendaji, Bw. Mark Wiessing. Bw. Mark Wiessing alijiunga na NMB mwaka 2011 na amekuwa mhimili katika kusukuma mbele maendeleo makubwa ndani ya Benki kwa miaka 4 iliyopita. Chini ya uongozi wake, NMB imeweza kuongeza thamani ya hisa kwa mara kadhaa na kuweza kuzalisha mapato kwa wana hisa wake. Bw. Wiessing ataondoka kutoka kwenye Benki mnamo mwisho wa mwezi Februari 2015 ili kwenda kwenye fursa mpya ya kikazi. Kwa niaba ya Bodi ya Wakurugenzi, namshukuru Bw. Wiessing kwa uongozi wake uliotukuka na ufanyaji kazi wa bidii.

Wakati huo huo, Bodi inamkaribisha NMB Bibi Ineke Bussemaker. Bibi Ineke Bussemaker atachukua majukumu ya Mkurugenzi Mtendaji baada ya kupata kibali cha Benki Kuu ya Tanzania. Bibi Ineke Bussemaker anakuja na hazina kubwa ya uzoefu wa shughuli za kibenki na uzoefu wa uongozi akiwa ametumikia majukumu ya juu

The Board continues to subscribe to the highest standards of corporate governance, in applying where possible and best practice local, regional or global standards, and by initiating regular Board and/or committee self-assessments and in endeavouring appropriate disclosures to stakeholders.

## Dividend Proposal

The Board of Directors recommend a dividend of TZS 104 per share out of 2014 profits, amounting to TZS 52 billion in total, an increase of 16% from the previous year.

The dividend proposals reflect the solid financial position of the Bank and its strong performance. It also takes into account the new regulatory guidelines put forward by the BOT in 2014 with increased minimum regulatory capitalisation requirements and while complying with the Bank's own prudent risk policies which have been adopted by the Board. It also takes into account the Bank's investments in its future business strategies, including its planned capital expenditures in IT and points of representation across the country.

The proposed dividend at TZS 104 per share represents a dividend yield of some 3% based on the Bank's December 2014 share price of TZS 3,400. The dividend pay-out ratio would stand at 34% of the Bank's profit after tax for 2014.

## Conclusion

The Bank's future prospects remain positive based on its own strong financial position and the positive outlook for the local economy. GDP growth is forecast to remain in the range of 6-7%, while the rate of inflation and the balance of payments should stabilize around their current levels. However, both inflation and external accounts are sensitive to fluctuations in international commodity prices, particularly food, gold and energy.

That being said, assuming a stable monetary policy combined with continued investment and private consumption should bode well for the banking sector as a whole and for NMB itself. In the medium term commercial agriculture and natural gas show significant potential. The investments the Bank has made in its infrastructure and the initiatives it is implementing are likely to strengthen NMB's market position.

ya kimenejimenti katika benki za ABN Amro, Citibank na Rabobank hapo awali. Tunayo furaha kuwa pamoja na ndani ya benki.

Bodi inaendelea kuendeshwa kwa kufuata viwango vya juu vya utawala bora, kwa kutumia pale inapowezekana vigezo vya utawala bora vya kitaifa, kikanda, kimataifa, na kwa kuanzisha tathmini binafsi ya Bodi na Kamati na katika utoaji sahihi wa taarifa kwa wadau.

## Mapendekezo la Gawio

Bodi ya Wakurugenzi inapendekeza gawio la kiasi cha Shilingi za kitanzania 104 kwa kila hisa kwa mwaka 2014, kinachofikia Shilingi za Tanzania bilioni 52 kwa jumla, likiwa ni ongezeko la asilimia 16% ukilinganisha na mwaka uliopita.

Mapendekezo ya gawio yanazingatia matokeo mazuri na hali imara ya kifedha ya benki. Pia mapendekezo yanazingatia kanuni mpya za udhibiti zilizotolewa na Benki Kuu mwaka 2014 ambazo ziliongeza kiwango cha chini cha mahitaji ya mtaji (minimum regulatory capitalisation requirements), na wakati huo huo tukitekeleza sera za benki kuhusu majanga zilizoidhinishwa na Bodi. Mapendekezo haya yanazingatia pia uwekezaji wa benki katika mikakati yake ya kibiashara ya muda ujao, ikiwa ni pamoja na matumizi ya mtaji yaliyopangwa kuhusiana na IT na sehemu za uwakilishi nchi nzima.

Mapendekezo ya gawio la kiasi cha Shilingi za kitanzania 104 kwa hisa ni sawa na pato la asilimia 3% ya bei ya hisa ya benki ya Shilingi za Tanzania 3,400 kwa mwezi Desemba mwaka 2014. Uwiano wa kiasi cha gawio litakalolipwa kwa wana hisa (dividend pay-out ratio) utakuwa ni asilimia 34% ya faida ya benki baada ya kutoa kodi ya mwaka 2014.

## Hitimisho

Matarajio ya Benki ya siku zijazo ni chanya, msingi wake ukiwa ni hali imara ya kifedha na mwonekano chanya wa uchumi wa ndani ya nchi. Ukuaji wa pato la taifa (GDP) unatarajiwa kuendelea kubaki katika kiwango cha asilimia 6% -7%, wakati kiwango cha mfumuko wa bei na uwiano kati ya mapato na malipo ya biashara ya nje (balance of payments) kuendelea kuimarika katika viwango vyake vya sasa. Hata hivyo, kiwango cha mfumuko wa bei pamoja na urari wa malipo ya nje vyote vina uwezo wa kuonyesha mabadiliko madogo madogo kutokana na kubadilika kwa bei za bidhaa kimataifa, na hasa bei za vyakula, dhahabu na nishati.

Baada ya kusema hayo, tukichukulia kwamba sera imara za fedha, pamoja na kuendelea na uwekezaji, na matumizi binafsi yatakuwa mema kwa tasnia ya kibenki kwa ujumla na kwa NMB pia. Katika kipindi cha kati, kilimo cha kibiashara na gesi asilia vitatoa fursa kubwa za uchumi. Uwekezaji ambao umefanywa na Benki katika miundombinu yake na jitihada katika utekelezaji wake vinaweza kuimarisha hali ya soko la NMB.

On behalf of the Board of Directors, I wish to thank management and staff for delivering another successful year, both financially and operationally. We are especially grateful to all our stakeholders, including the Government of Tanzania, our shareholders and of course our customers for their continued support and loyalty during this period.

Thank you all.



**Prof. Joseph Semboja**  
Chairman

Kwa niaba ya Bodi ya Wakurugenzi, napenda kuishukuru menejimenti na wafanyakazi kwa kutuletea mwaka mwingine wa mafanikio, kifedha na kiutendaji. Kipekee kabisa tunatoa shukurani kwa wadau wetu wote, ikiwa ni pamoja na Serikali ya Tanzania, wana hisa wote, na pia wateja wetu kwa msaada wao endelevu na uaminifu wao katika kipindi hiki.

Asanteni wote.



**Profesa Joseph Semboja**  
Mwenyekiti





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## Managing Director's Report

## Taarifa ya Mkurugenzi Mtendaji



I am pleased to report that by nearly all key performance measures, 2014 was another good year for NMB. Total

assets grew by 18% year on year to TZS 3.9 trillion, while operating expenses were kept in check and non-performing loans stayed low at less than 3%. The Bank generated record profits of TZS 155.6 billion in 2014 (up 16% from the previous year) with a return on equity of 27% for the year."



Ninayo furaha kutoa taarifa kwamba kwa kutumia karibu vigezo vyote muhimu vya upimaji wa utendaji kazi, mwaka 2014 ulikuwa

ni mwaka mwingine mzuri kwa NMB. Jumla ya mali (asset) ilikua kwa asilimia 18% kwa mwaka hadi Shilingi za Tanzania trilion 3.9, wakati ambapo gharama za uendeshaji ziliendelea kuthibitiwa na mikopo ambayo haikuwa na ufanisi (non-performing loans) iliendelea kuwa chini ya asilimia 3%. Benki ilipata faida ya Shilingi za Tanzania bilioni 155.6 mwaka 2014 (ikiwa ni juu kwa asilimia 16% ukilinganisha na ya mwaka uliopita) ikiwa na kiasi cha 'return on equity' cha asilimia 27% kwa mwaka 2014."

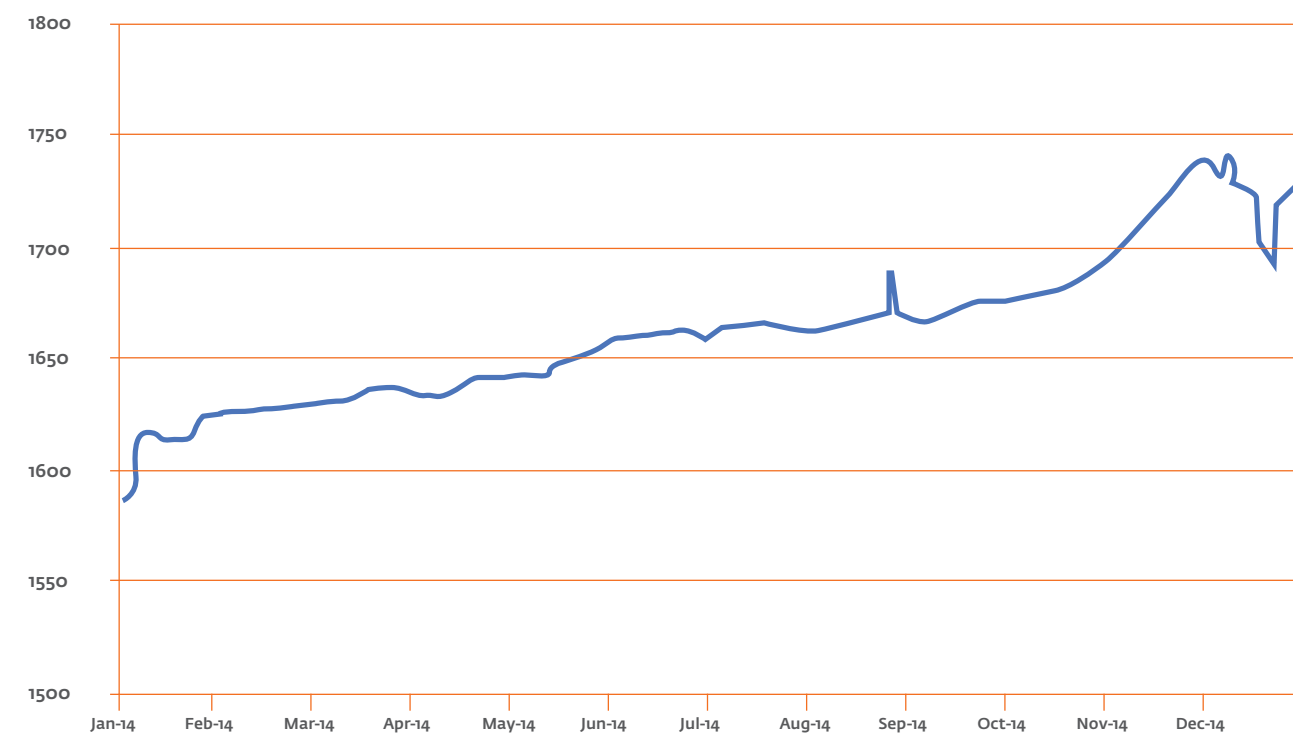


## Economic Developments

The macro-economic backdrop for 2014 was mostly favourable. The global economy continued its steady improvement, benefitting Tanzania's already resilient economy which continued to grow at annualized rate of 7% for the year.

The local financial markets were stable in 2014, with the headline inflation rate falling to single digits. Inflation fell to 4.8% in December 2014, down from 5.6% in the same period in 2013. The currency remained largely stable in the first half of the year; however it experienced an accelerated depreciation against the US dollar in the second half of 2014. The Tanzanian Shilling – US Dollar exchange rate depreciated from TZS 1,587 in December 2013 to TZS 1,734 in December 2014. Meanwhile, the Bank of Tanzania ("BOT") continued its tight monetary policy regime resulting in relatively high interest rates in the market. Tanzania's fiscal and current account deficits remained high although national debt levels were low relative to GDP. Foreign currency reserves remained sufficient to cover 4.5 months of imports.

Figure I: TZS vs. USD exchange rate trend



Source: Bank of Tanzania.

## Maendeleo ya Kiuchumi

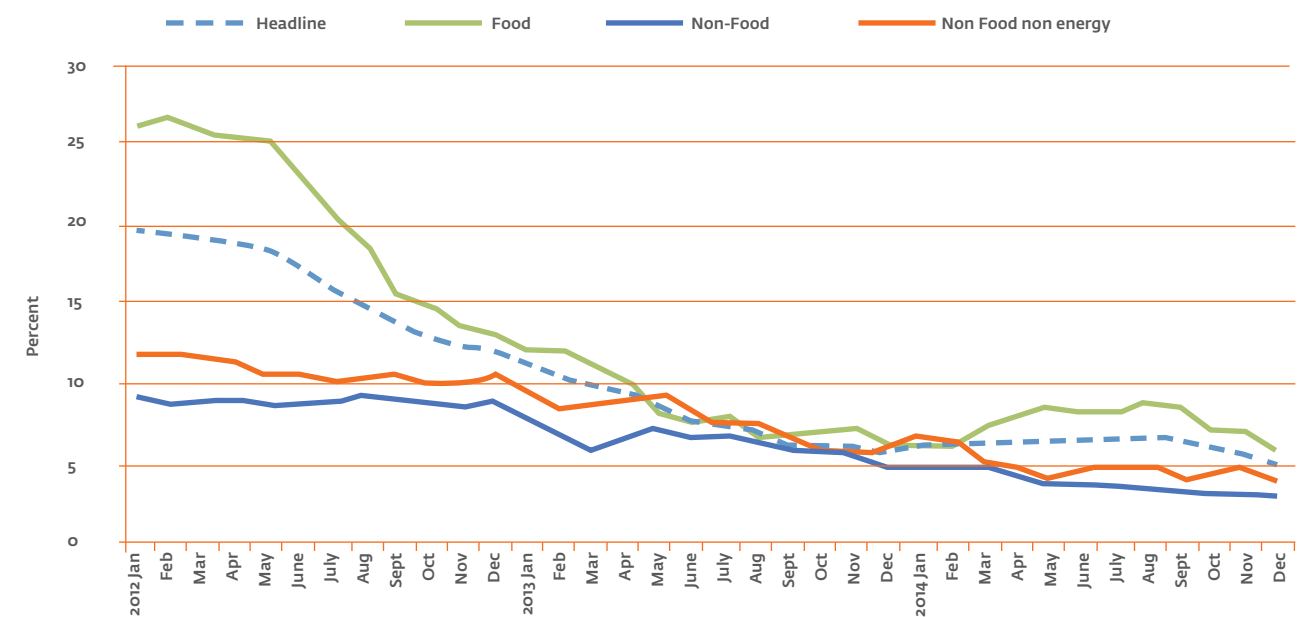
Hali ya uchumi kwa mwaka 2014 ilikuwa nzuri. Uchumi wa dunia uliendelea katika hali ya kuimarika, ukiinufaisha Tanzania ambayo uchumi wake uliendelea kukua kwa kiwango cha asilimia 7% kwa mwaka.

Soko la kifedha la ndani kwa mwaka 2014 lilikuwa imara, likiwa na kiwango cha mfumuko wa bei ulioshuka hadi kufikia tarakimu moja (single digit). Mfumuko wa bei ulishuka hadi kufikia asilimia 4.8% mwezi Desemba 2014 kutoka asilimia 5.6% kwa kipindi kama hicho kwa mwaka 2013. Sarafu iliendelea kuimarika katika nusu ya kwanza ya mwaka; hata hivyo ilikumbwa na kushuka kwa kasi kwa thamani ukilinganisha na Dola ya Marekani katika nusu ya pili ya mwaka 2014. Kiwango cha ubadilishaji wa Shilingi ya Tanzania kwa Dola ya Marekani kilishuka kutoka Shilingi za Tanzania 1,587 mwezi Desemba 2013 hadi Shilingi za Tanzania 1,734 mwezi Desemba 2014. Wakati huo huo, Benki Kuu ya Tanzania iliendelea kukaza sera zake za kifedha kulikosababisha kupanda kwa viwango vya riba katika soko. Nakisi katika mapato na matumizi ya serikali na katika mauzo ya nje ya Tanzania iliendelea kuwa juu ingawa viwango vya deni la taifa vilikuwa chini ukilinganisha na pato la taifa (GDP). Akiba ya fedha za kigeni iliendelea kutosheleza uagizaji wa bidhaa kutoka nchi za nje (imports) unaotosheleza miezi 4.5.

Jedwali I: Mwelekeo wa Kiwango cha Ubadilishaji wa Fedha Kati ya Shilingi ya Tanzania na Dola ya Marekani

Figure II: Headline inflation rate

Jedwali la II: Headline inflation rate



Source: Bank of Tanzania, Monetary Policy Statement (February 2015)

Chanzo: Bank of Tanzania, Monetary Policy Statement (February 2015)

## Market Developments

The Tanzanian banking sector now has 55 licensed banks (53 in 2013), which together operate about 642 branches (of which NMB operates 163 or 26%), and total assets of over TZS 20 trillion (of which NMB accounts for TZS 3.9 trillion or 20%). The banking sector in 2014 continued to expand and enjoy growth in the provision of banking services to a larger population.

During the year, liquidity conditions in the banking system remained generally sufficient; however some seasonal pressures in the middle of the year resulted in banks accessing the BOT liquidity windows.

Treasury bill rates remained relatively elevated throughout the period, while customer deposit and lending rates remained relatively stable with small interim movements.

## Financial Results

We had a good year in 2014. Total interest income benefited from relatively high interest rates both on the lending and investment side, coupled with good lending and investments volume growth. As a result, net interest income (excl. loan impairments) grew by 15% year-on-year from TZS 330 billion to TZS 378 billion.

## Maendeleo ya Masoko

Tasnia ya kibenki Tanzania kwa sasa ina idadi ya benki 55 zenye leseni (mwaka 2013 zilikuwa 53), ambazo kwa pamoja zinafanya kazi zikiwa na matawi 642 (kati ya hayo NMB inayo matawi 163 ambayo ni sawa na asilimia 26%), na idadi ya mali (assets) ya zaidi ya Shilingi za Tanzania trilion 20 (kati ya hizo NMB ina trilion 3.9 ikiwa ni sawa na asilimia 20%). Tasnia ya kibenki iliendelea kukua na kuendelea kufaidi ukuaji katika utoaji wa huduma za kibenki kwa sehemu kubwa ya watu.

Katika mwaka 2014, hali ya ukwasi katika mabanki kwa ujumla iliendelea kutosheleza; hata hivyo kumekuwepo na upungufu katikati ya mwaka uliosababisha mabanki kuhitaji fedha kutoka Benki Kuu ya Tanzania.

Viwango vya hawala za serikali viliendelea kuwa juu katika kipindi chote, wakati ambapo amana za wateja na viwango vya ukopesaji viliendelea kuimarika vikiwa na mabadiliko madogo ya muda.

## Matokeo ya Kifedha

Mwaka 2014 ulikuwa wa mafanikio. Jumla ya mapato yaliyotokana na riba yalitokana na viwango vikubwa vya riba katika katika soko la ukopesaji na uwekezaji, ikiambatana na ukuaji mzuri wa viwango vya ukopesaji na uwekezaji. Matokeo ni mapato halisi kutokana na riba (kutoa mikopo isiyolipika) yalikuwa kwa asilimia 15% mwaka hadi mwaka kutoka Shilingi za Tanzania bilioni 330 hadi bilioni 378.

Non-interest income grew by 28% to TZS 137 billion, attributable to higher customer transaction volumes generating increased commissions and an increase in foreign exchange trading income on the back of customer trade operations.

In all, total operating income grew by about 18% to TZS 471.5 billion.

NMB continued its customer deposit generation campaign in 2014 following the successful "Jisevie" and "Try Us" customer campaigns in prior years. Our deposit initiatives during the year helped us grow our customer deposit book by 16% year-on-year to TZS 3,007 billion. The increased liquidity was allocated to growing our loans and advances book (up 24% to TZS 2,007 billion) and to government securities.

On the expense side, employee benefit and general and administrative expenses grew 17% and 27% respectively from the previous year. Despite this, our cost-income ratio remained at 53% same as the previous year, thanks to good growth in total operating income.

In terms of the risk profile of NMB's lending activities, we are pleased to report another year of low non-performing loans (NPLs). The NPLs ratio stood at less than 3% of gross loans and advances. This is a result of NMB's conservative lending practices and prudent impairment and write-off policies. Overall, the Bank's profit for the year increased by 16% to TZS 155.6 billion which is a new record for NMB.

NMB's return on equity declined slightly from 29% to 27% for the year while the total regulatory capital of the Bank grew to TZS 544.5 billion, resulting in a total capital (Tier 1 + Tier 2) ratio of 22% for 2014 (before distribution of profits), well above new increased regulatory minimum total capital (Tier 1 + Tier 2) ratio of 14.5% proposed by the BOT.

## Business Developments

The key business segments at NMB include: Retail banking, Wholesale Banking and Treasury, whose customers benefit from NMB's growing range of transactional; lending; savings or investment and foreign exchange solutions. These business lines are in turn supported by the ICT & Operations; Human Resources and Finance divisions. Oversight and control is exercised by the Risk and Internal Audit divisions.

Mapato yasiyotokana na riba yaliongezeka kwa asilimia 28% hadi kufikia Shilingi za Tanzania bilioni 137. Ongezeko hili lilichangiwa na idadi kubwa ya miamala ya wateja ambayo ilizalisha ongezeko la kamisheni na ongezeko la mapato ya fedha za kigeni yaliyotokana na shughuli za kibiashara za wateja.

Kwa ujumla wake, mapato yaliyotokana na shughuli za benki zilikuwa kwa asilimia 18% na kufikia Shilingi za Tanzania bilioni 471.5.

Mwaka 2014 NMB iliendelea na uhamasishaji wa wateja kukuza amana kufuatia uhamasishaji wenye mafanikio wa "Jisevie" na "Try Us" uliofanyika miaka iliyotangulia. Jitihada zetu za kuongeza amana katika miaka hiyo ilitusaidia kukuza amana za wateja wetu kwa asilimia 16% mwaka hadi mwaka hadi kufikia Shilingi za Tanzania bilioni 3,007. Ongezeko la ukwasi lilituwezesha kukuza dhamana za serikali na mikopo (kwa asilimia 24% na kufikia Shilingi za Tanzania bilioni 2,007).

Kwa upande wa matumizi, mafao ya wafanyakazi yaliongezeka kwa asilimia 17% na matumizi ya kiutawala kwa jumla yaliongezeka kwa asilimia 27% ukilinganisha na mwaka uliopita. Pamoja na hayo yote uwiano wetu wa gharama na mapato (cost-income ratio) ulibakia kuwa asilimia 53% kama mwaka uliopita. Tunashukuru kwamba hali hiyo ilitokana na ukuaji mzuri wa mapato.

Kuhusiana na maelezo mafupi ya majanga yaliyotokana na shughuli za ukopesaji wa NMB, tunafurahi kutoa taarifa ya mwaka mwingine wenye kiwango kidogo cha mikopo isiyokuwa na ufanisi - "non-performing loans" (NPLs). Uwiano wa NPLs ulikuwa chini ya asilimia 3% ya mikopo iliyotolewa. Hali hii ilitokana na tabia ya NMB ya kutoa mikopo kwa umakini mkubwa. Faida ya Benki kwa mwaka 2014 iliongezeka kwa asilimia 16% hadi Shilingi za Tanzania bilioni 155.6 ikiwa ni kiwango cha juu ambacho NMB imewahi kupata.

Mapato ya NMB kwa hisa zisizo na riba maalum yalipungua kidogo kutoka asilimia 29% hadi asilimia 27% kwa mwaka 2014, wakati ambapo jumla ya mtaji (regulatory capital) ulikuwa na kufikia Shilingi za Tanzania bilioni 544.5, ikisababisha jumla ya uwiano wa mtaji wa asilimia 22% kwa mwaka 2014 (kabla ya kugawanywa kwa faida), ikiwa ni juu zaidi ya kiwango kipya cha chini mtaji cha asilimia 14.5% kilichopendekezwa na Benki Kuu ya Tanzania.

## Maendeleo ya Biashara

Vitengo vikuu vya NMB ni: Shughuli za Kibenki za Wateja Wadogo Wadogo, Shughuli za Kibenki za Wateja Wakubwa, na Hazina, ambavyo wateja wake hunufaika kutokana na ukuaji wa miamala ya NMB; ukopesaji; akiba au uwekezaji na biashara ya fedha za kigeni. Njia hizi za kibiashara zinasaidiwa na idara za TEHAMA na Shughuli za Kiutendaji, Rasilimali Watu na Fedha. Uangalizi na uhibititi unafanywa na idara za athari na Ukaguzi.

- Our **Retail Banking** business lines includes Personal Banking (including civil servants) and micro-small & medium sized enterprises (MSMEs) banking, to whom we provide a full range of lending, transactional and savings solutions, supported by continued investments in technologies.

Loans to consumers (mostly salary backed loans, based on deduction codes) continued to grow strongly at about 30% to TZS 1,155 billion (before impairments), with the loan portfolio representing some 57% of total loans and advances. Current and savings account balances owed to individuals also grew well at about 8% to TZS 2,703 billion on the back of our 'Jisevie' and 'Try Us' campaigns. These campaigns also resulted in increased transactional volumes, which supported our fees and commissions growth.

The NMB branch network increased from 153 to 163 branches, of which 91 are in rural areas and 72 are in urban areas. We have also continued to expand our network of NMB Business Centres, targeted at large corporates, SME's and Government. These are located in Arusha city, Mwanza city and Dar es Salaam with plans to build more in the coming period.

NMB continued to improve its self-service channels. The Bank operated 525 Automatic Teller Machines (ATMs) at year end 2014 - up from 485 the previous year.

Our customer reach was further strengthened by our new partnership with Bharti Airtel in Tanzania. Our new partnership with Airtel Money allows NMB customers to transfer funds from their NMB bank accounts to their Airtel Money accounts and then make use of Airtel Money's network of approx. 30,000 agents for making deposits and withdrawals. This complements similar arrangements we have in place with other Mobile Network Operators (MNOs) namely, Vodacom Tanzania and Tigo Tanzania and it brings NMB's effective distribution network to over 130,000 MNO agents. Furthermore we also launched the partnership with Maxcom Tanzania as part of our journey into Agency Banking.

- Shughuli zetu za **Wateja Wadogo Wadogo** ni pamoja na shughuli za kibenki za Wateja Binafsi (ikijumuisha watumishi wa umma) shughuli za kibenki kwa Wafanyabiashara Wadogo na wa Kati (MSMEs), ambao tunawapatia mikopo ya aina mbalimbali, miamala na uwekaji akiba, ikisaidiwa na uwekezaji endelevu katika teknolojia.

Mikopo kwa walaji (mingi ya mikopo hiyo ikiwa ni ile ambayo marejesho yake yanatokana na mishahara) iliendelea kukua kwa nguvu kwa asilimia 30% hadi kufikia Shilingi za Tanzania bilioni 1,155 (kabla ya tengo la mikopo isiyolipika) ikiwa inawakilisha kiasi cha asilimia 57% ya mikopo na karadha. Akaunti za akiba na amana za wateja binafsi pia zilikuwa vizuri kwa kiasi cha asilimia 8% na kufikia Shilingi za Tanzania bilioni 2,703 kutokana na uhamasishaji wetu wa 'Jisevie' na 'Try Us'. Uhamasishaji huu pia ulisababisha kuongezeka kwa miamala ambayo ilichangia ukuaji wa ada na kamisheni.

Mtandao wa matawi ya NMB uliongezeka kutoka matawi 153 hadi kufikia matawi 163, kati ya hayo 91 yakiwa ni matawi ya maeneo ya vijijini na matawi 72 yakiwa ni matawi ya maeneo ya mijini. Pia tumeendelea kupanua mtandao wa "NMB Business Centres", ikiwalenga wateja wakubwa, wafanyabiashara wadogo na wa kati (SME's) na Serikali. Vituo hivi vya kibiashara viko katika majiji ya Arusha, Mwanza na Dar es salaam, kukiwa na mipango ya kuanzisha vituo vingine kwa siku zijazo.

NMB iliendelea kuboresha njia zake za kutolea huduma binafsi. Hadi kufikia mwisho wa mwaka 2014 benki iliongeza Automatic Teller Machines (ATMs) na kufikia 525 kutoka ATM 485 zilizokuwepo mwaka uliopita.

Ufikiaji wa wateja wetu uliimarishwa zaidi na ubia mpya tulioingia na Bharti Airtel ya Tanzania. Ubia wetu mpya na Airtel Money umewawezesha wateja wa NMB kuweza kuhamisha fedha kutoka kwenye akaunti zao za NMB kwenda kwenye akaunti zao za Airtel Money na hivyo kufanya matumizi ya mtandao wa Airtel Money kufikia kiasi cha mawakala wapatao 30,000 kwa ajili ya kuweka na kutoa fedha. Ubia huu umesaidiana na utaratibu unaofanana na huo ambao tayari tunao na watoa huduma wengine wa simu za mkononi ambao ni, Vodacom Tanzania na Tigo Tanzania na hivyo kuweza kuufanya mtandao wa NMB wa watoa huduma wa simu za mkononi (MNO) kufikia zaidi ya mawakala 130,000. Zaidi ya hayo tulianzisha pia ubia na Maxcom Tanzania kama sehemu ya safari yetu kuelekea kwenye shughuli za kibenki za uwakala (Agency Banking).

The Bank continued executing its "Sura Mpya" project, a 3-year initiative to renovate our entire branch network. Branches are being renovated and upgraded with new furniture, fittings and re-designed to enhance the environment in which our customers come and engage with us. By the end of 2014, we were on target. Our target for when this initiative began in 2013 was to renovate 94 branches; in 2014 we managed to renovate 32 branches with minor work remaining on a further 62 branches for 2015.

Lastly, we signed an agreement with MasterCard for the issuance of MasterCard debit cards to all NMB customers giving them an easier way to pay for goods and services whether domestically or internationally.

- The **Wholesale Banking** business line includes Corporate Banking (large corporate customers and parastatals), Government Banking (central and local government), Institutional Banking (insurance, pension funds, NGO's, government agencies etc.) and Agribusiness (crop financing), supported by a specialised Transactional Services team.

The Wholesale banking division loan book, including agriculture, represents approx. 20% of NMB's total loans and advances. The nationwide branch network and a full range of electronic transactional solutions for payments and collections, help us to serve corporate customers. NMB has a compelling offering, with an increasing number of the country's leading corporates and institutions looking at NMB as their primary banking institution. In 2014, we managed to make significant inroads in facilitating some of the country's oil importers and as such we managed to achieve good volume growth in trade finance.

Government business faced increasing challenge from our competitors. NMB won six out of the seven geographic "Lots" tendered by the Government in previous year in a "winner takes all" arrangement. In response to this heightened competition, we are making good progress in developing new business opportunities with Government outside the narrow definition of the Banking Services Tender. There is a continuing effort to improve service levels and increase straight through processing for all customers, including the Government.

- Our **Treasury** Business line includes TZS money markets and foreign exchange trading. The money market section continues to profit from re-investment in Government securities of some of the deposits the bank generated.

Benki iliendelea na utekelezaji wa mradi wake uitwao "Sura Mpya", ambao ni mradi wa miaka 3 katika jitihada za kukarabati mtandao wa matawi yetu yote. Matawi yanafanyiwa ukarabati na kuyapandisha hadhi kwa kuweka samani mpya, kufunga vifaa na kufanya usanifu upya kwa lengo la kuboresha mazingira ambayo wateja wetu hufikia ili kupata huduma kutoka kwetu. Ifikapo mwisho wa mwaka 2015 tutakuwa tumefikia lengo hili. Lengo letu wakati jitihada hizi zinaanza mwaka 2013 lilikuwa ni kukarabati matawi 94; mwaka 2014 tuliweza kukarabati matawi 32 zikiwa zimebaki kazi ndogondogo kwa matawi 62 kwa mwaka 2015.

Mwisho, tumesaini mkataba na MasterCard kwa ajili ya kutoa "MasterCard debit cards" kwa wateja wote wa NMB ili kuwapatia njia rahisi ya kulipia bidhaa na huduma ikiwa ni ndani au nje ya nchi.

- Shughuli za kibenki za **Wateja Wakubwa** inahusisha shughuli za kibenki za Mashirika Makubwa (wateja ambao ni Mashirika Makubwa na Mashirika ya Umma), shughuli za kibenki za Serikali (Serikali Kuu na Serikali za Mitaa), shughuli za kibenki za Kitaasisi (Bima, Mifuko ya Pensheni, Mashirika yasiyo ya Kiserikali - NGO's, Wakala wa Serikali n.k.) na shughuli za kilimo (huduma za kifedha kwa mazao ya kilimo), ikisaidiwa na timu ya wataalamu ya Transactional Services.

Kitengo cha shughuli za kibenki za mikopo kwa Wateja Wakubwa, ikiwa ni pamoja na kilimo inawakilisha kama asilimia 20% ya mikopo yote ya NMB. Mtandao wa matawi yote nchi nzima ambayo tunayo pamoja na miamala ya kielektroniki kwa ajili ya malipo na makusanyo, NMB ina huduma zenye ushawishi, ikiwa na idadi inayoongezeka ya Mashirika muhimu yanayoongoza nchini pamoja na Taasisi ambazo zinaitazama NMB kama taasisi yao ya msingi ya kibenki. Mwaka 2014, tulifanikiwa katika biashara ya kuwawezesha baadhi ya waagizaji wa mafuta kutoka nje, na kwa kufanya hivyo tuliweza kufaulu katika kufikia ukuaji wa kiwango kikubwa katika kuhudumia biashara hii.

Shughuli za kiserikali zilipata changamoto zinazoendelea kutoka kwa washindani wetu. NMB ilishinda zabuni sita kati ya saba zilizotangazwa na serikali mwaka uliopita katika utaratibu wa mshindi anachukua kila kitu ("winner takes all"). Katika kukabiliana na ushindani unaozidi kushamiri, tumepiga hatua nzuri katika kuendeleza fursa mpya za kibiashara na Serikali nje ya huduma za tenda. Kuna jitihada inayoendelea ya kuboresha viwango vya huduma kwa wateja wote ikiwemo serikali.

- Shughuli za **Hazina** zinahusisha soko la fedha ya Shilingi ya Tanzania (TZS) na biashara ya fedha za kigeni. Kitengo cha soko la fedha kinaendelea kunufaika kutokana na kuwekeza kwenye dhamana za serikali kwa baadhi ya amana zilizozalishwa na benki.

We continue to utilise 2 large funding facilities namely from the Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (FMO) and the European Investment Bank (EIB) to support US-dollar and TZS denominated loans and improve the tenor mismatch between assets and liabilities.

On the foreign exchange side, the performance was good on both the revenue side and growth in customer volumes. However, the interbank market saw moderate volatility with heightened monitoring by the central bank. The growth of customer foreign exchange volumes seen in Wholesale Banking is attributable to increased Letters of Credit (LCs) and Guarantee business and growth in the Institutional Banking portfolio. Comprehensive training of key branch staff and establishment of "FX Champions" in over 50 NMB branches amplified the level of foreign exchange business generated across our branch network for Retail Banking.

A new Treasury Management System (FusionCapital Opics) procured in 2013 became fully operational in 2014. This has increased efficiency through automation of deal confirmations, processing, and has consequential improved our Management Information System (MIS).

- The **ICT & Operations** division is tasked to build and operate the required infrastructure to facilitate and process all customer transactions centrally and in the branches.

In late 2011 NMB migrated to a new Core Banking System (CBS). The CBS has shown solid performance since then, processing close to 9 million transactions per month. The CBS remained stable in 2014 with no major incidents impacting our customers. We are continually trying to improve the operating environment, including by way of Straight Through Processing (STP); further improving the ratio of electronic to manually initiated transactions.

Ancillary applications to support the ATM network; NMB Mobile, MNO integration etc. have also generally shown good and improving uptimes.

Fraud risk has remained limited thanks to adequate preventive measures and strong follow-up in cooperation with the judicial authorities.

Construction of our new corporate headquarters on Ohio Street in Dar es Salaam is progressing well and will be occupied by mid-2015. The new building will host a state-of-the-art Data Center to support NMB's technology platforms.

Tunaendelea kutumia mikopo kutoka vyanzo viwili ambavyo ni Nederlandse Financierings- Maatschappij voor Ontwikkelingslanden (FMO) na European Investment Bank (EIB) ili kusaidia katika kutoa mikopo ambayo inatolewa kwa Dola ya Marekani (US-dollar) na Shilingi ya Tanzania (TZS) ili kuboresha uwiano kati ya mali (assets) na madeni (liabilities).

Kwa upande wa fedha za kigeni, utendaji ulikuwa mzuri kwa pande zote mbili, yaani za mapato na ukuaji wa idadi ya wateja. Hata hivyo soko kati ya mabenki lilipambana na hali ya kubadilika badilika kidogo ikitokana na ufuatiliaji mkubwa wa Benki Kuu ya Tanzania. Ukuaji wa idadi ya wateja wa fedha za kigeni ulitokana na kukua kwa shughuli za kibenki za Wateja Wakubwa ulichangiwa na Letters of Credit (LCs) na udhamini. Mafunzo mahsusi ya watumishi muhimu katika matawi na uanzishaji wa "FX Champions" katika zaidi ya matawi 50 ya NMB kumepanua kiwango cha shughuli ya fedha za kigeni zilizozalishwa kwenye mtandao wa shughuli za kibenki kwa Wateja Wadogo Wadogo wa matawi yetu nchi nzima.

Mfumo mpya wa Treasury Management System (FusionCapital Opics) ulioanzishwa mwaka 2013 ulianza kufanya kazi kikamilifu mwaka 2014. Mfumo huu umeongeza ufanisi kupitia kwenye utumiaji wa mitambo inayojiendesha ya "deal confirmations processing" na matokeo yake imeboresha mfumo wa usimamizi wa taarifa.

- Kitengo cha shughuli za **TEHAMA** kina jukumu la kujenga na kuweka miundombinu inayohitajika ili kuwezesha na kuchakata miamala yote ya wateja makao makuu na kwenye matawi.

Mwisho wa mwaka 2011 NMB iliamia katika mfumo mpya wa "Core Banking System" (CBS). Tangu wakati huo mfumo huu wa CBS umeonyesha mafanikio thabiti kwa kuchakata miamala inayokaribia milioni 90 kwa mwezi. Mwaka 2014 CBS iliendelea kuimarika ikiwa haina matukio makubwa yenye athari kwa wateja wetu. Tumeendelea kuboresha uwiano kati ya miamala ya kielektroniki na miamala inayofanywa kwa njia za kawaida.

Matumizi ya huduma ndogondogo ili kuimarisha mtandao wa ATM; NMB Mobile, MNO n.k. kwa ujumla yameonyesha maendeleo mazuri jinsi siku zinavyokwenda.

Majanga ya udanganyifu yaliendelea kuwa machache, kutokana na hatua za kutosha za udhibiti pamoja na ufuatiliaji imara kwa kushirikiana na mamlaka za kimahakama.

Ujenzi wa Makao Makuu yetu katika mtaa wa Ohio mjini Dares salaam unaendelea vizuri na jengo hili litaanza kutumika ifikapo katikati ya mwaka 2015. Jengo jipya litakuwa makao ya "a state-of-the-art Data Center" ili kusaidia ulingo wa teknolojia wa NMB.



- Our **Human Resources** team is tasked with ensuring that we have the right people in the right jobs, at head office and in our 163 branches.

During 2014, our number of staff increased to 3,009 from 2,866 in the previous year. Management continued in its efforts to improve the working environment for all NMB staff members. Employee engagement, whether direct; through union representatives; through our Employee Opinion survey were some key accomplishments. The bank implemented a number of initiatives including: further strengthening of performance management; new training and certification programmes; review of rewards and benefits; medical coverage and staff welfare programmes.

- The **Finance** division is tasked to produce reliable financials for accounting and reporting purposes, but also to provide the various divisions with the required numbers they can use in driving their businesses.

In the course of 2014 the finance team was recognised by the National board of Accountants and Auditors (NBAA) for the Best Presented Financial Statements by a financial institution in Tanzania. And once again, NMB was recognised by Tanzania Revenue Authority (TRA) as one of the largest and most compliant tax payer.

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

- The **Risk** function provides independent oversight and control on the bank's operational, credit, market, compliance and other risks. Our prudent risk management practices are exemplified by our very low Non-Performing Loan (NPL) ratio and high NPL coverage ratios. We are committed to continually re-evaluating and enhancing risk management policies and practices. In last two years we have implemented initiatives and developed new tools in order to mitigate some risks and further strengthen security. The risk management team developed a tool for automated credit decision making on micro finance loans (credit scoring). This tool is now fully operational across the NMB branch network, and may be extended to other types of loans as well.

Moreover, the NMB Loan Centre, dealing with the monitoring and collection from Retail Loans became fully operational in 2014. The Loan Centre is expected to fulfil additional functions in the near future including processing also other types of loans in 2015.

- Timu yetu ya **Rasilimali Watu** inalo jukumu la kuhakikisha kwamba tunakuwa na watu sahihi katika kazi sahihi, Makao Makuu na katika matawi yetu 165.

Mwaka 2014, idadi ya wafanyakazi wetu iliongezeka kutoka wafanyakazi 2,866 mwaka uliopita hadi kufikia wafanyakazi 3,009. Menejimenti iliendelea na jitihada zake za kuboresha mazingira ya kazi kwa wafanyakazi wote wa NMB. Uhusishwaji wa Wafanyakazi, ama wa moja kwa moja; kupitia kwa wawakilishi wa Chama cha wafanyakazi; kupitia utafiti wa maoni ya wafanyakazi yalikuwa ni mafanikio muhimu. Benki ilitekeleza jitihada kadhaa ikiwa ni pamoja na uimarishaji zaidi wa utendaji wa menejimenti; mpango wa mafunzo mapya na uthibitishaji; marejeo ya tuzo na mafao; mpango wa kupanua wigo wa matibabu na ustawi wa wafanyakazi.

- Kitengo cha **Fedha** kina jukumu la kutengeneza mifumo ya kifedha ya kuaminika kwa ajili ya kutolea taarifa, lakini pia kutoa kwenye vitengo mbalimbali takwimu zinazohitajika kwa ajili ya kuendeshea shughuli zao.

Idara ya fedha ya NMB kwa mwaka 2014, ilipata tuzo kama taasisi iliyo toa taarifa bora za kifedha katika kundi la taasisi za kifedha iliyotolewa na Bodi ya Uhasibu na Ukaguzi wa Mahesabu (National Board of Accountants and Auditors), Idara hiyo pia ilipata tuzo ya mlipa kodi bora wa mwaka kutoka Mamlaka ya Mapato Tanzania (TRA).

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

- Shughuli za **Athari** zinatoa uangalizi na udhibiti unaojitegemea wa utendaji wa shughuli za benki, mikopo, masoko, ikibali na athari nyingine. Usimamizi wetu kuhusu athari unadhihirishwa na kiwango kidogo cha uwiano baina ya mikopo ambayo haina ufanisi - Non-Performing Loan (NPL) na uwiano mkubwa wa "NPL coverage". Tumedhamiria kufanya tathmini ya mara kwa mara na kuboresha sera za athari na utendaji wake. Katika miaka miwili iliyopita tumeendelea kutekeleza jitihada na kutengeneza vyombo vitakavyosaidia katika kupunguza athari za baadhi ya matukio na kuimarisha zaidi usalama. Timu ya kusimamia athari ilitengeneza kitendea kazi kilichotumika katika kutoa maamuzi papo kwa papo juu ya mikopo kwa mikopo midogo midogo (credit scoring). Kitendea kazi hiki sasa hivi kinatumika kikamilifu katika mtandao wa matawi yote ya NMB, na inaweza kupanuliwa matumizi yake hadi kwenye aina nyingine ya mikopo pia.

Zaidi ya hayo, kituo cha mikopo cha NMB, ambacho kinashughulika na utaratibu wa pamoja wa ufuatiliaji wa makusanyo kutoka kwa mikopo ya mtu mmoja mmoja (Retail Loans) kinafanya kazi kikamilifu. Kituo cha mikopo kinatarajia kupokea shughuli za ziada, pamoja na aina nyingine za mikopo kwa mwaka 2015.

In 2014, the bank continued with its 3-year Enterprise Risk Management (ERM) project to fully embed risk awareness and management as a core competency at all levels in the organisation.

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

In line with an annual risk based audit plan, IA conducts audits of key risk areas of the bank's operations at branches and head office, and issues recommendations to improve risk management, controls and governance processes. All audit action items are tracked through the IA function with a view to ensure that they are closed in a timely fashion.

The IA function conducts audits in line with the Institute of Internal Auditors (IIA) standards.

## Outlook

The overall economic outlook remains broadly positive for 2015, with growth expected to remain at around 7%. The economy will be driven by transport, communications, manufacturing and agriculture sectors and supported by continued public investment in infrastructure.

Inflation is expected to remain low in the coming months on account of better than expected domestic food supply condition, the subdued global oil prices and the fading away of the impact of the increase in domestic power tariffs in January 2014.

Strong economic growth rates should translate into attractive growth rates for the country's leading banks, including NMB. However, key dependencies that may have an impact on NMB in the course of 2015 may include:

- A potential downward adjustment in market interest rates, which could have an adverse impact on the Bank's interest income.
- Further price decrease in key commodities including gold and crude oil, and key agricultural goods such as tobacco, cashew that have a direct impact on the Tanzanian export position and on some of NMB's key customer segments.

Mwaka 2014 benki iliendelea na mradi wake wa miaka 3 wa Enterprise Risk Management (ERM) ili kuweza kuweka kikamilifu ndani yake utambuzi wa athari na usimamizi madhubuti katika ngazi zote za shirika.

- Kitengo cha **Ukaguzi wa Ndani** (IA) kiutendaji kinawajibika kutoa taarifa zake kwa Bodi ya Wakurugenzi kupitia kwenye vyombo kama kamati ya bodi ya ukaguzi na tahadhari na utimilifu na hutoa ushauri kwa Bodi na Menejimenti kuhusiana na utoshelevu na ufanisi wa usimamizi wa benki kuhusiana na athari na michakato ya uthibiti na utawala.

IA hufanya ukaguzi wa maeneo muhimu ya majanga kwa utendaji wa kibenki kwa Makao Makuu na kwenye matawi kufuatana na mpango wa mwaka wa ukaguzi wa athari, na hutoa mapendekezo ya namna ya kuboresha usimamizi wa athari, michakato ya uthibiti na utawala. Vipengere vyote vya ukaguzi hufuatiliwa kupitia kwenye shughuli za ukaguzi wa ndani kwa lengo la la kuhakikisha kwamba ukaguzi huo unakamilika kwa muda uliopangwa.

Shughuli za ukaguzi wa ndani (IA) zilifanywa tathmini na wataalam wa kujitegemea wenye sifa na kutoa mapendekezo kwamba shughuli za ukaguzi wa ndani ulifanyika kulingana na viwango vya Taasisi ya wakaguzi wa ndani - Institute of Internal Auditors (IIA).

## Matarajio

Matarajio ya ujumla ya ukuaji wa uchumi yanaendelea kuwa chanya kwa mwaka 2015, ukuaji ukitarajiwa kubaki katika kiwango cha asilimia 7%. Uchumi utasukumwa na tasnia za uchukuzi, mawasiliano, viwanda na kilimo na kusaidiwa na uwekezaji wa umma katika miundombinu.

Mfumuko wa bei unatarajiwa kubaki katika kiwango cha chini kwa miezi ijayo kutokana na hali nzuri zaidi ambayo haikutarajiwa ya upatikanaji wa chakula nchini, bei za mafuta zilizothibitiwa kimataifa, pamoja na kufifia kwa athari ya ongezeko la bei za umeme mwezi Januari 2014.

Viwango imara vya ukuaji wa uchumi vinatakiwa kuchangia katika viwango vya kuvutia vya ukuaji wa benki zinazoongoza nchini, ikiwemo NMB. Hata hivyo mambo muhimu ambayo yanaweza kuwa na athari kwa NMB katika mwaka 2015 ni pamoja na:

- Marekebisho yanayotarajiwa ya viwango vya riba katika soko, ambavyo vinaweza kuwa na athari mbaya kwa mapato ya benki yatoakanayo na riba.
- Kushuka zaidi kwa bei za bidhaa muhimu ikiwemo dhahabu, na mafuta ghafi, na mazao muhimu ya kilimo kama vile tumbaku, korosho ambayo yana athari za moja kwa moja kwenye hali ya uuzaji nchi za nje (exports) na hata kwa baadhi ya sehemu ya wateja muhimu wa NMB.

- Potential political uncertainty that may arise in the context of mooted constitutional referendum and presidential elections scheduled to be held in 2015 may also have indirect consequences on the macro economic outlook. This could result in some macro-economic risk.
- Further possible consequences of the US Federal Reserve's "tapering" policy, which already has had an adverse impact on emerging market currencies and countries with high dual current account and fiscal deficits.
- Increased competition from new and existing bank competitors as well as MNOs, both at the 'top' and at the 'bottom-end' of the banking market.
- New BOT banking regulations will be enforced in the coming period. The new liquidity management regulation, 2014 and Capital adequacy regulation, 2014 will affect bank liquidity monitoring and minimum capital requirements. However, NMB expects to fully meet the new regulations requirements within the set deadlines.
- The risks associated with customer segments or products that are an inherent part of our business, including from credit risk, loan portfolio deterioration, operational and fraud risks or otherwise.

That being said, the banking sector continues to expand and enjoy growth in the provision of banking services to a larger population and thereby promoting economic growth. Continued usage of alternative banking delivery channels has enabled banks to mobilize untapped resources from the unbanked and under-banked population segments.

NMB's robust financial position and strong results make it well positioned to take advantage of the opportunities in the growing Tanzanian market and mean that it should be able to withstand possible adverse developments. We have a broad mix of wholesale, Small and Medium Enterprises, agriculture and personal banking customers, supported by appropriate "bricks and mortar" and alternative distribution channels and powered by a robust technology platform. With all this, NMB can look forward to the future with confidence.

After 4 years as the CEO and Managing Director of NMB, I will take up a new executive position within Rabobank Group in the early part of 2015. I wish to thank the members of the Board of NMB, my colleagues on the management team and all NMB staff members for their support in taking NMB to new levels over the last four years. I am confident having created, together with them, a very solid foundation for a sustainable and successful future for NMB that will be to the benefit of all its stakeholders.



**Mark Wiessing**  
Managing Director

- Hali ya kisiasa isiyo imara ambayo inaweza kujitokeza kutokana na kura ya maoni na uchaguzi wa Rais utakaofanyika mwaka 2015. Hali hii inaweza kusababisha athari katika uchumi wa jumla (macro-economic).
- Uwezekano wa mambo yatokanayo na sera za kifedha za Marekani ambazo tayari zimeanza kuwa na athari mbaya juu ya sarafu zinazoibukia kwenye soko na nchi zenye naksi kubwa kwenye bajeti na mauzo ya nje.
- Kuongezeka kwa ushindani kutoka kwenye benki washindani zilizopo na benki mpya, pamoja na kampuni za simu na soko la kibenki.
- Kanuni mpya za Benki Kuu ya Tanzania ambazo zitaanza kutekelezwa katika kipindi kijacho. Kanuni mpya zitaathiri ufuatiliaji wa ukwasi wa benki pamoja na kiasi cha chini cha mahitajio ya mtaji. Hata hivyo, NMB inatarajia kuendana na taratibu na mahitaji mapya kabla ya kufika mwisho iliyowekwa.
- Athari zinazoambatana na sehemu ya wateja au bidhaa ambazo ni sehemu ya shughuli zetu, ikiwa ni pamoja na athari za mikopo, utendaji na majanga udanganyifu au vinginevyo.

Pamoja na hayo yaliyoelezwa, tasnia ya kibenki itaendelea kupanuka na kufaidi ukuaji katika utoaji wa huduma za kibenki kwa sehemu kubwa ya watu na hivyo kuweza kuhamasisha ukuaji wa uchumi. Kuendelea kutumia njia mbadala za utoaji huduma za kibenki kumeiwezesha benki kuhamasisha rasilimali ambazo hazijatumika kutoka kwa sehemu ya watu ambayo haijafikiwa na huduma za kibenki na sehemu ya watu ambayo haipati vzuri huduma za kibenki.

Hali nzuri ya kifedha ya NMB na matokeo mazuri inaiveka katika nafasi nzuri ya kuweza kufaidika na fursa katika soko la Tanzania linalokua na hivyo kumaanisha kwamba taweza kuhimili hali yoyote ambayo siyo nzuri itakayoweza kujitokeza. Tuna mchanganyiko mkubwa na mzuri wa wateja wakubwa, wafanyabiashara wadogo na wa kati, kilimo na wateja binafsi, wakisaidiwa na mshikamano mzuri, pamoja na njia mbadala za usambazaji na ukipewa nguvu na teknolojia imara. Kutokana na yote haya, NMB inasonga mbele kwa kujiamini.

Baada ya kumaliza miaka 4 ya kufanya kazi na NMB, nimechukua nafasi nyingine ndani ya Rabobank Group kazi ambayo nimesha ianza tangu mwanzoni mwa mwaka huu. Napenda kutoa shukrani zangu kwa bodi ya wakurugenzi ya NMB, menejimenti na wafanyakazi wote wa NMB kwa michango yao katika kufanikisha kazi yangu ndani ya miaka yote 4. Ninaamini kuwa nimeacha familia imara kwa maendeleo endelevu ya NMB ambayo nina imani itakuwa ni kwa maslahi ya wadau wote wa benki.



**Mark Wiessing**  
Mkurugenzi Mtendaji



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

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



NMB tunaamini katika kutumia kanuni za utawala bora. Bodi, uongozi na wafanyakazi wa NMB wamejipanga kusimamia maadili ya msingi ya ukweli na uwazi, uadilifu, uaminifu na uwajibikaji ambayo ni muhimu ili kuwa na utawala bora na utendaji mzuri katika taasisi.

Misingi ya utawala bora inakubalika kuwa kichocheo cha utendaji mzuri duniani kote. Jukumu la kusimamia utekelezaji mzuri wa utawala bora liko chini ya Wakurugenzi."



The Board of Directors

Functions

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

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

Composition

In 2014 the Board of Directors was made up of eight non-executive directors and one executive director with a mix of skills, experience and diversity.

Appointment

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

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

Resignations

At the AGM held in June 2014, Director Albert Jonkergouw tendered his resignation to the Board after completing his term. He was re-appointed as director for a further three year term (as per the articles, maximum tenure is 3 years in the board, after which directors need to resign but may be re-appointed).

The Chief Executive Officer, Mr. Mark Wiessing's, title was also changed to Managing Director and he was appointed as an executive director of the Board, by virtue of position.

Bodi ya Wakurugenzi

Majukumu

Bodi ina jukumu la kusimamia kwa umakini utawala bora na muongozo wa kampuni. Wajumbe wa Bodi wana jukumu la kuonyesha uongozi, ujasiri wa kibiashara, uadilifu na kutoa maamuzi yaliyo wazi, yenye haki na yanayotekelezeka.

Bodi ina majukumu ya kuchagua uongozi, kufuata mbinu za kibihashara, sheria, taratibu na kusimamia taratibu za kazi ikiwa ni pamoja na kutambua hatari zinazoikabili benki. Bodi pia ina majukumu ya kusimamia mahusiano mazuri na wadau wote wa benki.

Wajumbe

Mwaka 2014 Bodi ya Wakurugenzi ilikuwa na wajumbe nane wasio watendaji na mjumbe moja ambaye ni mtendaji, wote wakiwa na ujuzi na uelewa.

Uteuzi

Uteuzi wa Wakurugenzi wa Bodi ya NMB unaongozwa na sheria ya benki (Memorandum and Articles of Association) na miongozo inayotolewa 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 wanazozimiliki. Majina yanawakilishwa kwenye Mkutano Mkuu wa Mwaka wa Wanahisa kwa kupitishwa. 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 muongozo na sheria za Benki. Mzunguko huu ni muhimu ili kuhakikisha muendelezo wa kupata wakurugenzi wenye ujuzi na uelewa. Miaka ya kuwa Mkurugenzi haina kikomo. Sheria za Makampuni ya mwaka 2002 inahitaji mkurugenzi astaaфу akiwa na miaka 70 ila sheria inaruhusu pia mkurugenzi huyo kuchaguliwa tena.

Kujiuzulu

Kwenye Mkutano Mkuu wa Mwaka ulofanyika Juni 2014, Mkurugenzi Albert Jonkergouw aliwasilisha kujiuzulu kwenye Bodi baada ya kumaliza muda wake. Aliteuliwa tena kuwa Mkurugenzi kwa kipindi cha miaka mitatu mingine.

Pia nafasi ya Afisa Mtendaji Mkuu ibadilishwe kuwa Mkurugenzi Mtendaji, na Bwana Mark Wiessing aliteuliwa kuwa Mkurugenzi wa Bodi ya NMB kwa muda wake wa ajira.

Board meetings

The Board meets quarterly, with additional meetings convened as and when necessary. During 2014, the Board and its committees met to discuss and decide on the business activities. The Board Committees act on behalf of the Board to direct the bank effectively and accelerate the decision-making process. The four Board committees are: the Board Executive Committee (BEC), the Board Audit, Risk and Compliance Committee (BARCC), the Board Human Resources and Remuneration Committee (BHRRC) and the Board Credit Committee (BCC).

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

- Board of Directors (7)
- Board Executive Committee (0)
- Board Audit Risk and Compliance Committee (4)
- Board Human Resources and Remuneration Committee (4)
- Board Credit Committee (10)

Members of the Board and respective committees as at 31st December 2014 are shown in the table below:

	Name Jina	Main Board Bodi Kuu	BEC <sup>1</sup> Kamati ya Utendaji	BARCC <sup>2</sup> Kamati ya Ukaguzi, Athari na Utilifu	BCC <sup>3</sup> Kamati ya Mikopo	BHRRC <sup>4</sup> Kamati ya Rasilimali Watu na Maslahi
1.	Joseph Semboja	Chairman Mwenyekiti	Chairman Mwenyekiti			
2.	Anne Mbughuni	Member Mjumbe		Member Mjumbe	Member Mjumbe	
3.	Albert Jonkergouw	Vice Chairman Makamu Mwenyekiti	Member Mjumbe		Member Mjumbe	Member Mjumbe
4.	Jos van Lange	Member Mjumbe		Chairman Mwenyekiti		
5.	Mike Laiser	Member Mjumbe	Member Mjumbe	Member Mjumbe		Chairman Mwenyekiti
6.	Protase Tehingisa	Member Mjumbe			Member Mjumbe	Member Mjumbe
7.	Margaret Ikongo	Member Mjumbe				Member Mjumbe
8.	William Mlaki	Member Mjumbe		Member Mjumbe	Chairman Mwenyekiti	
9.	Mark Wiessing (attends all meetings) (anahudhuria vikao vyote)	Member Mjumbe	Member Mjumbe	Member Mjumbe	Member Mjumbe	Member Mjumbe

1 BEC (Board Executive Committee)  
2 BARCC (Board Audit, Risk and Compliance Committee)  
3 BCC (Board Credit Committee)  
4 BHR&RC (Board Human Resources and Remuneration Committee)

Vikao vya Bodi

Bodi inakutana kila miezi mitatu na vikao vingine ikilazimika. Mwaka 2014 Bodi na kamati zake zilikutana kujadili na kuamua maswala na shughuli za kibiashara. Kamati za Bodi zinatenda kwa niaba ya Bodi kuelekeza benki kwa usahihi na kuchochea mchakato wa kufanya maamuzi. Kamati nne za Bodi ni: Kamati ya Bodi ya Wakurugenzi, Kamati ya Ukaguzi na Usimamiaji, Kamati ya Rasilimali Watu na Mishahara na Kamati ya Bodi ya Mikopo.

Namba ya vikao vilivyofanyika mwaka uliopita vinaonekana kwenye mabano:

- Bodi ya Wakurugenzi (7)
- Kamati ya Wakurugenzi watendaji (0)
- Kamati ya Bodi ya Ukaguzi na Usimamizi (4)
- Kamati ya Bodi ya Rasilimali Watu na Mishahara (4)
- Kamati ya Bodi ya Mikopo (10)

Wajumbe wa Bodi ya Wakurugenzi na kamati husika kufikia tarehe 31 Desemba 2014 kama inavyoonyeshwa kwenye jedwali hapa chini:

### Directors Evaluation

During 2014, the Board itself did a self-assessment and evaluation in order to improve the internal Governance of the Board and its Committees.

### Relationship with Auditors

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

## Board Committees

### Board Executive Committee

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

### Board Audit, Risk and Compliance Committee

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

### Board Human Resources & Remuneration Committee

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

### Board Credit Committee

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

### Tathmini ya Wakurugenzi

Mwaka 2014, Bodi ya wakurugenzi ilifanya tathmini binafsi ili kuboresha utendaji wake wa kazi ndani ya bodi yenyewe na kamati zake.

### Mahusiano na Wakaguzi

Kamati ya Bodi ya Ukaguzi na Usimamizi na Bodi nzima walifanya vikao na wakaguzi wa nje kujadili maswala ya ukaguzi, majukumu yao 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 sheria ya Kampuni. Kamati hii hutumia mamlaka ya Bodi katika kusimamia biashara na masuala mengine ya Kampuni katika kipindi ambapo mikutano ya Bodi haijajaitishwa lakini maamuzi ya bodi yanahitajika sana au mkutano maalum wa Bodi unahitajika kuitwa lakini uwezekano wa kuuita haupo kwa sababu haiwezekani 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 utaratibu wa utoaji taarifa, mifumo ya utunzaji hesabu na uthibiti wa fedha, utoaji taarifa za mwaka za ukaguzi wa nje wa hesabu, utoaji taarifa ya uthibiti wa hesabu wa ndani, matokeo ya kazi ya ukaguzi wa ndani, tahadhari na utimilifu, utimilifu wa kisheria na mataakwa, utimilifu wa usimamizi wa majukumu ya tahadhari, na uangalizi wa mipango na taratibu za ukaguzi ili kujua kama hesabu za benki na utaratibu wa kuruhusu utoaji taarifa ni kamilifu na sahihi na unaendana na viwango vya kimataifa vya utoaji wa taarifa za hesabu kulingana na sheria, miongozo na taratibu husika.

### Kamati ya Bodi ya Utumishi na ulipaji Mshahara

Jukumu la msingi la hii kamati ni kusaidia Bodi ya Wakurugenzi katika kutekeleza jukumu lake la uangalizi kwa wanahisa na kuhakikisha kwamba benki ina mfumo mzuri wa sera na taratibu za ulipaji mshahara ambao ni wa haki na hulipa 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, hadhi ya mikopo na sera ya mikopo.

### Company Secretary

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

### Communication with shareholders

The company recognizes that effective communication with stakeholders is essential to good governance. Following the publication of its financial results, it engages with investors to present the results and answer questions accordingly.

Shareholders are encouraged to attend the annual general meeting to be held on Saturday, 6th June 2015 at Julius Nyerere Convention Centre, Dar es Salaam and participate in the affairs of the company.

### Katibu wa Kampuni

Katibu wa Kampuni ni Mrs Lilian Komwihangiro na anatoa ushirikiano na kuishauri Bodi kwa maswala yanayohusu uongozi na utendaji sahihi. Pia ana jukumu la kutoa mafunzo kwa Wakurugenzi wapya na kuwa weka wajumbe wa Bodi katika kujua mabadiliko ya kisheria na kanuni za uongozi.

### Mawasiliano na wanahisa

Kampuni inatambua kuwa mawasiliano na wanahisa yanahitajika katika uongozi bora. Kutokana na matangazo ya matokeo ya kifedha, kampuni na wawekezaji watawasilisha matokeo na kujibu maswali kama yatakavyoulizwa.

Wanahisa wanashauriwa kuhudhuria Mkutano Mkuu wa Mwaka utakaofanyika jumamosi tarehe 6 Juni 2015 ukumbi wa Julius Nyerere Convention Centre, Dar es Salaam.





## Part of our children's future Part of your life!

NMB contributes to education to secure our children's future. We also play a positive role in the health and the social sector. We take all the necessary steps to influence a brighter outcome for our future generations and society.

**NMB CSR**  
Touching a part of your life everyday!

[www.nmbtz.com](http://www.nmbtz.com)

## Sustainability and Social Responsibility

### Annual Report-CSR

NMB integrates corporate social responsibility (CSR) into all its business activities with the belief that success is measured by more than financial results: it is also measured by customer satisfaction and employee engagement, strong governance practices and support for communities the Bank serves. In 2014 financial year, NMB allocated about 1% of its profit after taxes to CSR initiatives.

### CSR Strategy

NMB's CSR strategy supports the Bank's core purpose of helping customers become financially better off; also it looks at areas such as education, health and extending support to natural disaster relief.

### CSR Committee

CSR Committee, consisting of a group of Management Team from across the Bank, guides and supports key CSR issues and initiatives; this committee is chaired by the Managing Director. NMB receives many requests to support numerous community projects, the bank has historically focused its support on areas like education, health, financial literacy, natural disaster recovery; while the CSR Committee having to decline many otherwise worthy projects that fall outside its immediate priorities.

#### a) Education

There are many challenges facing Tanzania particularly in Education. NMB has been providing support to address some of the challenges through provision of school desks and used computers to government primary and secondary schools.

In the year 2014 alone, NMB contributed school desks to over 110 primary and secondary schools with about 5500 desks in all regions in Tanzania. NMB understands the importance of computer studies in schools; we have donated used computers to different schools in Tanzania; where there is supply of electricity. For 2014, more than 90 schools benefited from this program.

With the provision of school desks, the attendance of children at school has increased, pupils are comfortably sitting on desks donated by us, and the impact has been good not only to the government but also to children and parents in general.

## Uendelevu na Wajibu kwa Jamii

### Taarifa ya Mwaka - Uwajibikaji wa Kampuni Katika Jamii (CSR)

NMB inafungamanisha Uwajibikaji wa Kampuni Katika Jamii (CSR) katika shughuli zake zote za kibiashara kwa kuamini kwamba pamoja na mafanikio kupimwa kwa matokeo ya kifedha lakini pia matokeo hupimwa kwa kuridhika kwa wateja na kuhusishwa kwa wafanyakazi, utendaji wa utawala wenye nguvu na kuungwa mkono kwa jamii ambayo benki inaihudumia. Katika mwaka wa fedha 2014, NMB ilitenga kiasi cha asilimia moja (1%) ya faida yake baada ya kulipa kodi kwa ajili ya jitihada za uwajibikaji wa kampuni katika jamii.

### Mikakati ya CSR

Mikakati ya CSR ya NMB inaunga mkono lengo la msingi la Benki la kuwasaidia wateja kuwa na hali nzuri ya kifedha, pia benki inashughulikia masuala ya elimu, afya na kuendelea kusaidia masuala ya uokoaji wakati wa majanga ya asili.

### Kamati ya CSR

Kamati ya CSR, inajumuisha kundi la Timu ya Menejimenti kutoka maeneo mbalimbali ya Benki, inaongoza na na kuunga mkono masuala muhimu ya CSR na jitihada zake. Mwenyekiti wa kamati hii ni Mkurugenzi Mwendeshaji. NMB hupokea maombi mengi ya kusadia/kufadhili miradi mingi ya kijamii, kihistoria benki imekuwa ikielekeza jitihada zake katika maeneo kama vile elimu, afya, elimu ya kifedha, uokoaji wakati wa majanga ya asili; wakati ambapo kamati ya CSR imekuwa ikikataa maombi ya miradi ya thamani ambayo iko nje ya vipaumbele vyake vya karibu.

#### a) Elimu

Tanzania inakabiliwa na changamoto nyingi hususan katika elimu; NMB imekuwa ikitoa msaada ili kukabiliana na baadhi ya changamoto hizi kwa kutoa madawati na kompyuta kwa shule za serikali za msingi na sekondari.

Katika mwaka 2014, NMB ilichangia madawati 5500 kwazaidi ya shule 110 za msingi na sekondari kwa mikoa yote. NMB inaelewa umuhimu wa mafunzo ya kompyuta katika mashule, na kwa ajili hiyo inachangia kompyuta zilizotumika kwa shule mbalimbali Tanzania; mahali ambapo kuna huduma ya umeme. Kwa mwaka 2014, zaidi ya shule 90 zilinfuika na mpango huu.

Kwa utoaji wa madawati haya, ongezeko na mahudhurio ya watoto mashuleni umekuwa mkubwa, uwepo wa madawati mashuleni hapo ni msaada mkubwa sana, sio tu kwa serikali bali kwa watoto/wanafunzi na wazazi kwa ujumla. Wanafunzi wanafurahi kusoma wakiwa wameketi kwenye madawati yalitolewa na NMB.



To address these challenges better, NMB has committed to partner with the government to embark on the desk challenge project which was raised by the Prime Minister Hon. Mizengo Pinda for primary schools. In this project, we have committed to support the government achieve part of its target by providing 15,000 desks for over a period of 5 years.

#### b) Financial Literacy for school/SMEs

In 2012, NMB initiated a large financial literacy programme Nationwide, with each of our branches adopting two to three schools in their vicinity with a view to train school children on money matters i.e. saving and borrowing. In November 2014, NMB signed Memorandum of Understanding (MOU) with the Women's World Banking (WWB) to facilitate the project Sub Saharan Africa Financial Sector Development funded by Financial Sector Deepening Trust (FSDT). NMB together with WWB will collaborate to develop and implement youth banking Proposition and expand the bank's products for low income women and also drive financial literacy trainings in schools.

In 2014, the focus was also on providing financial literacy training to MSE-SMEs through our Business Clubs and training of farmers through NMB Foundation for Agricultural Development. To date over 10,000 thousand entrepreneurs with inclusion of farmers have benefited from the initiative across the country.

Education of NMB MSE-SME customers has been done through business clubs and training has focused more on areas identified by club members commonly being business plan writing, book keeping, financial planning, borrowing and other financial literacy areas as per their request. In 2014, a total of 64 trainings were conducted whereas more than 6500 individual M-SME customers were trained. Training subjects focused on different business areas such as record keeping, marketing, and retention technics of existing customers, Tax education from TRA experts, Trade finance and forex. The overall objective in the end is to create quality entrepreneurs with good financial knowledge.

However, we supported the Dar es Salaam Stock Exchange (DSE) scholar investment challenge; a project that aimed at educating and encouraging the youth to develop a culture of saving and investment by demonstrating in a practical way on why and how to buy and sell securities on DSE. More than 5,000 students from higher learning institutions all over the country participated in the challenge. The top three winners of the challenge, managed to virtually grow their initial investment seeds by an average of more than 200% in a period of three months. The challenge is conducted through

Ili kuweza kukabiliana vizuri zaidi na changamoto hizi, NMB imeazimia kushirikiana na serikali katika kushughulikia changamoto ya mradi wa madawati kwa shule za msingi ambao ulianzishwa na Waziri Mkuu Mheshimiwa Mizengo Pinda. Katika mradi huu, tumejizatiti katika kuisaidia serikali kufikia sehemu ya malengo yao kwa kutoa madawati 15,000 kwa kipindi cha zaidi ya miaka mitano.

#### b) Elimu ya kifedha mashuleni

Mwaka 2012, NMB ilianzisha mpango mkubwa wa elimu ya kifedha kitaifa, kwa kila moja ya matawi yetu yote kuasili shule mbili hadi tatu ambazo ziko karibu na maeneo yao kwa lengo la kuwafundisha wanafunzi kuhusu masuala ya kifedha kama vile kuweka akiba na kukopa. Mwezi Novemba 2014 NMB ilisaini makubaliano(MOU) na shirika liitwalo Women's World Banking (WWB) ili kuwezesha mradi wa Sub Saharan Africa Financial Sector Development uliofadhiliwa na Financial Sector Deepening Trust (FSDT). NMB pamoja na WWB watashirikiana katika kuendeleza na kutekeleza wazo la vijana kuhusiana na masuala ya kibenki na kupanua bidhaa za kibenki kwa wanawake wa kipato cha chini na pia kuendesha elimu ya kifedha mashuleni.

Mwaka 2014, umuhimu pia ulikuwa katika kutoa mafunzo ya elimu ya kifedha kwa MSE-SMEs kupitia kwenye Business Clubs zetu na kutoa mafunzo kwa wakulima kupitia mpango wa NMB Foundation for Agricultural Development. Hadi sasa zaidi ya wajasiriamali 10,000 nchi nzima ikiwajumuisha wakulima wamenufaika kutokana na jitihada hizi.

Elimu kwa wateja wa NMB MSE-SME imekuwa ikitolewa kwa kupitia "business clubs" na mafunzo yamekuwa yakilenga zaidi katika maeneo yaliyoainishwa na wanachama wa klabu na hasa katika uandishi wa mpango wa biashara, utunzaji wa kumbukumbu, mpango wa kifedha, kukopa pamoja na mafunzo mengine ya elimu ya kifedha kama wanachama wenyewe walivyoomba. Mwaka 2014, idadi ya mafunzo 64 yaliendeshwa, na katika mafunzo hayo wateja binafsi 6500 wa M-SME walipata mafunzo. Masomo mbalimbali katika mafunzo hayo yalijikita katika maeneo kama vile utunzaji wa kumbukumbu, masoko, na mbinu za kuendelea kuwa na wateja waliopo kwa sasa, elimu ya Kodi kutoka kwa wataalamu wa TRA, biashara ya fedha na ubadilishaji wa fedha za kigeni. Lengo la jumla mwisho wa mafunzo lilikuwa ni kuzalisha wajasiriamali bora wenye uelewa mzuri wa elimu ya kifedha.

Hata hivyo tulitoa msaada kwa Dar es Salaam Stock Exchange (DSE) scholar investment challenge; mradi ambao unalenga katika kuwaelimisha na kuwahamasisha vijana kujenga utamaduni wa kujiwekea akiba na kuwekeza kwa kuonyesha kwa vitendo ni kwa nini na kwa namna gani ununuzi na uuzaji wa dhamana unavyofanyika katika soko la mitaji la Dar es salaam - DSE. Zaidi ya wanachuo 5,000 kutoka kwenye vyuo vya elimu ya juu nchi nzima walishiriki katika changamaoto hii. Washindi watatu wa kwanza wa changamoto hii waliweza kukuza mbegu zao za uwekezaji wa awali kwa wastani wa zaidi ya asilimia 200% katika kipindi cha miezi mitatu (3). Changamoto hii inaendeshwa kwa njia ya mchezo hai kupitia mtandao wa namna ya

online simulation of live trading and investment of securities and financial products. Each participating group/individuals given a virtual startup capital to invest using DSE's and financial markets' real time information for a period of 3 months.

#### c) Financial Literacy Though NMB Foundation For Agricultural Development (NFAD)

Trainings for Farmers through the NMB Foundation for Agricultural Development (NFAD) continued in regions such as Mbeya, Njombe, Rukwa, Iringa, Kigoma, Tabora, Mara, Simiyu, Arusha, Kilimanjaro, Tanga, Morogoro, Ruvuma, Mtwara, Lindi and Pwani. The Main intervention has been capacity building to Farmer's organisations (FOs) in the areas of Good governance, Loan administration and management, marketing and WRS operation. In conducting its activities, the Foundation spent TZS 310 Million against TZS 464 million budgeted earlier on. The Foundation did a total of 1,974 farmer's trainings in 2014. The selection of FOs to deal with has always been done in collaboration with respective NMB zone and branches leaders to ensure that the targets meet objectives for both organizations. As such the main concentration has been to a few selected crops like coffee, tobacco, cashewnut, dairy, paddy and sugarcane. In few areas like Manyara (Hanang), Dodoma (Bahi and Chamwino), Kigoma (Kigoma and Ujiji) and Rukwa (Mlele), we had bee keeping FOs.

The following table indicates the number of trained FOs, Board Members and farmers in 2014.

kufanya biashara ya dhamana na uwekezaji na bidhaa za kifedha. Kila kikundi kishiriki/mtu binafsi anapewa mtaji wa kuanzia ili kuwekeza kwa kutumia soko la mtaji la Daressalaam - DSE's na taarifa ya hali halisi ya masoko ya kifedha kwa kipindi cha miezi mitatu (3).

#### C) Elimu ya Kifedha kwa wakulima kupitia kupitia NMB Foundation For Agricultural Development (NFAD)

Mafunzo kwa wakulima kupitia NMB Foundation for Agricultural Development (NFAD) yaliendelea kufanyika katika mikoa ya Mbeya, Njombe, Rukwa, Iringa, Kigoma, Tabora, Mara, Simiyu, Arusha, Kilimanjaro, Tanga, Morogoro, Ruvuma, Mtwara, Lindi na Pwani. Jitihada kubwa zimekuwa ni katika kuvijengea uwezo vyama vya wakulima (FOs) katika maeneo ya utawala bora, utawala na usimamizi wa mikopo, masoko na shughuli za WRS. Katika kuendesha shughuli zake Mfuko ulitumia kiasi cha shilingi milioni 310 dhidi ya kiasi cha shilingi milioni 464 zilizokuwa zimetengwa katika bajeti yake. Mfuko ulifanya idadi ya mafunzi 1,974 kwa wakulima ndani ya mwaka 2014. Uchaguzi wa vyama vya wakulima - FOs vya kufanya kazi navyo wakati wote umekuwa ukifanyika kwa kushirikiana na kanda husika za NMB pamoja na viongozi wa matawi ili kuhakikisha kwamba malengo yaliyowekwa yanafikiwa kwa pande zote mbili. Kwa sababu hiyo nguvu kubwa imekuwa ikielekezwa kwenye mazao machache teule kama vile kahawa, tumbaku, korosho, karanga, mazao ya mifugo, mpunga na miwa. Katika maeneo machache kama Manyara (Hanang), Dodoma (Bahi na Chamwino), Kigoma (Kigoma na Ujiji) na Rukwa (Mlele), tuna vyama vya wakulima vya wafugaji wa nyuki.

Jedwali lifuatalo linaonyesha idadi ya vyama vya wakulima - FOs vilivyopata mafunzo, Wajumbe wa Bodi na wakulima kwa mwaka 2014.

ZONE KANDA	Trained FO FOs Zilizopata Mafunzo	Board Members Trained Wajumbe wa Bodi Waliopata Mafunzo	Farmers Trained Wakulima Waliopata Mafunzo
Northern Kaskazini	49	306	394
Western Magharibi	29	198	367
Eastern Mashariki	7	22	277
Southern Kusini	146	1,095	634
Highlands Nyanda za Juu	48	245	216
Lake Ziwa	81	182	86
<b>TOTAL JUMLA</b>	<b>360</b>	<b>2,048</b>	<b>1,974</b>

**d) Customer Education**

Education of NMB MSE-SME customers has been done through business clubs and training has focused more on areas identified by club members commonly being business plan writing, book keeping, financial planning, borrowing and other financial literacy areas as per their request. In 2014, a total of 64 trainings were conducted whereas more than 6500 individual M-SME customers were trained. Training subjects focused on different business areas such as record keeping, marketing, and retention technics of existing customers, Tax education from TRA experts, Trade finance and forex. The overall objective in the end is to create quality entrepreneurs with good financial knowledge.

**e) DSE scholar investment challenge**

We also supported the Dar es Salaam Stock Exchange (DSE) scholar investment challenge; a project that aimed at educating and encouraging the youth to develop a culture of saving and investment by demonstrating in a practical way on why and how to buy and sell securities on DSE. More than 5,000 students from higher learning institutions all over the country participated in the challenge. The top three winners of the challenge, managed to virtually grow their initial investment seeds by an average of more than 200% in a period of three months. The challenge is conducted through online simulation of live trading and investment of securities and financial products. Each participating group/individual is given a virtual startup capital to invest using DSE's and financial markets' real time information for a period of 3 months.

**f) Health**

In the health sector, NMB has concentrated in the provision of hospital beds for patients and theater delivery beds for mothers with a clear understanding of bed capacity being one of challenges in many public hospitals.

In 2014 a budget of some 264m/- was allocated to support the health sector. With this amount, a total of 60 hospitals benefited with complete sets of hospital beds and delivery beds. Beneficiaries were Dodoma hospital, Sumbawanga hospital, Turiani hospital, Mpanda hospital, Temeke hospital and Mwananyamala hospital.

**g) Natural Disaster Recovery**

In 2014, our country was hit by several natural disasters, leaving thousands of people in need for support to recover, with this NMB extended a helping hand to the victims

**d) Elimu kwa Wateja**

Elimu kwa wateja wa NMB MSE-SME imekuwa ikitolewa kwa kupitia "business clubs" na mafunzo yamekuwa yakilenga zaidi katika maeneo yaliyoainishwa na wanachama wa klabu na hasa katika uandishi wa mpango wa biashara, utunzaji wa kumbukumbu, mpango wa kifedha, kukopa pamoja na mafunzo mengine ya elimu ya kifedha kama wanachama wenyewe walivyoomba. Mwaka 2014, idadi ya mafunzo 64 yaliendeshwa, na katika mafunzo hayo wateja binafsi 6500 wa M-SME walipata mafunzo. Masomo mbalimbali katika mafunzo hayo yalijikita katika maeneo kama vile utunzaji wa kumbukumbu, masoko, na mbinu za kuendelea kuwa na wateja waliopo kwa sasa, elimu ya Kodi kutoka kwa wataalamu wa TRA, biashara ya fedha na ubadilishaji wa fedha za kigeni. Lengo la jumla mwisho wa mafunzo lilikuwa ni kuzalisha wajasiriamali bora wenye uelevu mzuri wa elimu ya kifedha.

**e) Msaada kwa Dar es Salaam Stock Exchange (DSE)**

Vile vile tulitoa msaada kwa Dar es Salaam Stock Exchange (DSE) scholar investment challenge; mradi ambao unalenga katika kuwaelimisha na kuwahamasisha vijana kujenga utamaduni wa kujiwekea akiba na kuwekeza kwa kuonyesha kwa vitendo ni kwa nini na kwa namna gani ununuzi na uuzaji wa dhamana unavyofanyika katika soko la mitaji la Dar es salaam - DSE. Zaidi ya wanachuo 5,000 kutoka kwenye vyuo vya elimu ya juu nchi nzima walishiriki katika changamaoto hii. Washindi watatu wa kwanza wa changamoto hii waliweza kukuza mbegu zao za uwekezaji wa awali kwa wastani wa zaidi ya asilimia 200% katika kipindi cha miezi mitatu (3). Changamoto hii inaendeshwa kwa njia ya mchezo hai kupitia mtandao wa namna ya kufanya biashara ya dhamana na uwekezaji na bidhaa za kifedha. Kila kikundi kishiriki/mtu binafsi anapewa mtaji wa kuanzia ili kuwekeza kwa kutumia soko la mtaji la Dares salaam - DSE's na taarifa ya hali halisi ya masoko ya kifedha kwa kipindi cha miezi mitatu (3).

**f) Afya**

Katika tasnia ya afya, NMB imejikita katika utoaji wa vitanda vya hospitalini kwa wagonjwa na vitanda vya kujifungulia katika vyumba vya upasuaji kwa wamama wajaawazito kutokana na uelevu mzuri kwamba upungufu wa vitanda ni mojawapo ya changamoto kubwa katika hospitali nyingi za umma.

Mwaka 2014 NMB ilitenga bajeti ya kiasi cha shilingi milioni 264 ili kusaidia tasnia ya afya. Kwa kupitia kiasi hiki cha fedha, jumla ya hospitali 60 zilinuwa kwa kupata seti kamili ya vitanda vya hospitali na vitanda vya kujifungulia. Hospitali zilizonufaika zilikuwa ni pamoja na hospitali ya Dodoma, hospitali ya Sumbawanga, hospitali ya Turiani, hospitali ya Mpanda, hospitali ya Temeke, na hospitali ya Mwananyamala.

**g) Uokoaji katika Majanga ya Asili**

Mwaka 2014, nchi yetu ilikumbwa na majanga mengi ya

affected with floods in Kilosa and Kyela and by strong winds in Iringa. A total of 20m was spent in recovery initiatives bringing relief to the affected communities.

**Employee Engagement**

To NMB employees are key brand ambassadors and should always remain at the center of all our communications initiatives.

NMB employees are an integral part of its CSR programs. Employee participation in the various programs is stimulated and often is very rewarding both to employees and to the communities and projects on the receiving end of our CSR initiatives.

In 2014 our staff participated in a voluntary blood transfusion exercise that took place in three zones (Dar, Eastern and Central). We believe this initiatives will continue to promote awareness about health and wellbeing of the employees.

Not only that, but also NMB staff are encouraged to use their expertise to offer support to communities, i.e. NMB ICT team assist in providing immediate computer connection and start up training to schools where we provide used computers.

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

asili, ambayo yaliwaacha maelfu ya watu wakihitaji msaada ili kurudia hali yao ya zamani. Kutokana na majanga haya NMB ilitoa msaada kwa wahanga walioathiriwa na mafuriko huko Kilosa na Kyela, na wale walioathiriwa na upepo mkali kule Iringa. Kiasi cha shilingi milioni 20 zilitumika katika jitihada za uokoaji na kuleta ahueni kwa jamii zilizoathirika.

**Uhusishwaji wa Wafanyakazi**

Kwa NMB, wafanyakazi ni mabalozi muhimu na mara zote wataendelea kubaki katika kitovu cha jitihada zote za mawasiliano yetu.

NMB imemaanisha katika kuwaweka wafanyakazi katika moyo wa mipango ya CSR kwa kuwashirikisha na kusaidia katika ubunifu wao, na hivyo kuwahusisha katika mipango ya CSR ili kuongeza shauku yao katika shughuli za CSR za NMB na kuhamashisha moyo ambao utachangamsha ushiriki wa wafanyakazi katika dira yetu.

Mwaka 2014 wafanyakazi wetu walishiriki katika zoezi la kutoa damu kwa hiari ambalo lilifanyika katika kanda tatu (Dar es salaam, Mashariki, na Kati). Tunaamini kwamba jitihada zitaendelea kukuza hali ya kutambua kuhusu afya na hali bora kwa wafanyakazi.

Si hivyo tu, lakini pia wafanyakazi wa NMB wanahamasishwa kutumia umahiri wao ili kutoa msaada kwa jamii, kama vile timu ya NMB ICT inavyosaidia katika kutoa huduma za uunganishaji wa kompyuta na kutoa mafunzo ya kuanza kutumia kompyuta hizo katika shule ambazo tumetoa kompyuta zilizotumika.

Kwa kupitia kwenye mipango ya NMB CSR, NMB itaendelea kujenga juu ya mafanikio yake iliyoyapata miaka iliyopita ili kusaidia jamii zetu ziwe sehemu nzuri ya kuishi ndani yake.

## 1. INTRODUCTION

The Directors submit their report together with the audited consolidated financial statements for the year ended 31 December 2014, which disclose the state of affairs of National Microfinance Bank Plc (the "Bank") and its subsidiaries, Upanga Joint Venture Company Limited and Ohio Street Properties Limited (together, the 'Group').

The Bank's subsidiaries are engaged in the final stage of property development. Consequently, the report of the Directors presented below relates mostly to the Bank which is the only trading entity in the Group.

## 2. INCORPORATION

The Bank is incorporated in Tanzania under the Companies Act, 2002 as a public limited liability company.

## 3. VISION

To be the preferred financial services partner in Tanzania.

## 4. MISSION

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

## 5. PRINCIPAL ACTIVITIES

The Bank is engaged in taking customer deposit, providing credit facilities and other commercial banking services and is licensed under the Banking and Financial Institution Act, 2006 under license number CBA 00032. The Banks' lending products includes Salaried workers loans, Personal loans, Pensioners loans, SACCOS loans, Outgrowers loans, Corporate loans, loans to small & medium enterprises and overdraft for both corporate and SME customers. The Bank's deposit products includes, Personal accounts, Junior savings, Bonus savings, Wisdom account, Business accounts, Kilimo account, Student account, Chap chap account, Call deposits, and Fixed deposits. Other product and services includes Letters of credit and Guarantees.

## 6. DIRECTORS

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

No	Name	Position	Date of Birth	Nation-ality	Qualification/ discipline	Date of appointment/ resignation
1	Prof. Joseph Semboja	Chairman	24th Apr 1951	Tanzanian	Economist	Appointed on 2 June 2012
2	Mike Laiser	Member	28th Dec 1948	Tanzanian	Enterprise Development Economist	Re-appointed on 2 June 2012
3	Margaret Ikongo	Member	08th Jun 1957	Tanzanian	Chartered Insurer	Re-appointed on 1 June 2013
4	William Mlaki	Member	09th Jan 1947	Tanzanian	Economist/Banker	Re-appointed on 1 June 2013
5	Jos van Lange	Member	06th May 1956	Dutch	Economist/Banker	Re-appointed on 2 June 2012
6	Albert Jonkergouw	Member	26th Jan 1958	Dutch	Auditor / Banker	Re-appointed on 7 June 2014
7	Protase Tehingisa	Member	24th May 1947	Tanzanian	Lawyer	Re-appointed on 2 June 2012
8	Anne Mbughuni	Member	17th Mar 1959	Tanzanian	Certified Public Accountant	Appointed on 2 June 2012
9	Mark Wiessing	Member	14th Aug 1958	Dutch	Banker	Appointed on 7 June 2014

## 7. COMPANY SECRETARY

The Bank's secretary as at 31 December 2014 and during the year was Mrs. Lilian R. Komwihangiro.

## 8. CORPORATE GOVERNANCE

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

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

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

### Board Executive Committee

No	Name	Position
1	Prof. Joseph Semboja	Chairman
2	Albert Jonkergouw	Member
3	Mike Laiser	Member

### Board Audit, Risk and Compliance Committee

No	Name	Position
1	Jos van Lange	Chairman
2	William Mlaki	Member
3	Mike Laiser	Member
4	Anne Mbughuni	Member

### Board Human Resources and Remuneration Committee

No	Name	Position
1	Mike Laiser	Chairman
2	Margaret Ikongo	Member
3	Protase Tehingisa	Member
4	Albert Jonkergouw	Member

### Board Credit Committee

No	Name	Position
1	William Mlaki	Chairman
2	Protase Tehingisa	Member
3	Albert Jonkergouw	Member
4	Anne Mbughuni	Member



## 8. CORPORATE GOVERNANCE (CONTINUED)

During the year, there were 7 board meetings (3 of which were special meetings). There were also 10 Board Credit Committee meetings, 4 Board Human Resources and Remuneration Committee meetings and 4 Board Audit, Risk and Compliance Committee meetings. The Board Executive Committee did not meet during the year.

## 9. REMUNERATION POLICIES

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

## 10. ACCOUNTING POLICIES

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

## 11. MANAGEMENT TEAM

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

• Managing Director	Mark Wiessing
• Chief Wholesale Banking Officer	Richard Makungwa
• Chief Financial Officer	Waziri Barnabas
• Chief Human Resources Officer	Charles Kazuka
• Chief Retail Banking Officer	Arjan Molenkamp
• Chief Operating Officer	Pete Novat
• Chief Risk Officer and	Tom Borghols
• Treasurer	Aziz Chacha

## 12. INTERNAL AUDIT FUNCTION

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

## 13. CAPITAL STRUCTURE

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

### Authorised

625,000,000 ordinary shares of TZS 40 each (2013: 625,000,000 ordinary shares of TZS 40 each).

### Called up and fully paid

500,000,000 ordinary shares of TZS 40 each (2013: 500,000,000 ordinary shares of TZS 40 each).

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

## 14. SHAREHOLDERS OF THE BANK

The total number of shareholders during the year 2014 is estimated to be 17,820 (2013: 19,950). None of the Directors is holding significant number of shares of the Bank. The following is a list of shareholders who individually own 0.5% or more:

Name of the shareholder	%	2014 number of shares	%	2013 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	33,000,000	6.6	33,000,000
Aunali F. Rajabali & Sajjad F. Rajabali	5.3	26,435,360	4.6	23,024,408
Exim Bank (Tanzania) Limited	4.6	22,975,904	4.6	22,975,904
SCB (T) Nominees Limited	2.7	13,740,069	2.0	10,150,249
Parastatal Pension Fund (PPF)	1.0	4,831,636	1.0	4,831,636
Standard Bank Plc	0.6	3,199,560	1.3	6,666,872
TCCIA Investment Company Limited	0.5	2,611,886	0.5	2,611,886
General Public	12.0	59,803,785	12.7	63,337,245
	<b>100.0</b>	<b>500,000,000</b>	<b>100.0</b>	<b>500,000,000</b>

## 15. STOCK EXCHANGE INFORMATION

In 2008 the Bank was listed at the Dar es Salaam Stock Exchange. The share price at year end was TZS 3,400 (2013: TZS 2,620). Market capitalisation as at 31 December 2014 was TZS 1,700 billion (2013: TZS 1,310 billion).

## 16. FUTURE DEVELOPMENT PLANS

The Bank will continue to improve its activities through the introduction of innovative products, focusing on value-added customer services and selective expansion of its branches while carefully managing both costs and risks. The Bank will also continue to focus on improving productivity.

## 17. MARKET OVERVIEW

During the year, the global economy has continued its gradual improvement, further supporting Tanzania's already very resilient economy which continued to grow at around 7% per year. The local financial markets have remained stable, with headline inflation remaining at single digits reaching as low as 4.8% in December 2014 (5.6% December 2013). This may have been aided by a tight monetary policy stance from the Bank of Tanzania and Tanzania Shillings (TZS) Exchange rate, particularly against the US Dollar, which was relatively stable in the first half of the year, however, sharply depreciated in the second half reaching as high as 1734 in December 2014 from 1587 in December 2013. Interest rates have remained relatively high.

Despite the country's high fiscal and current account deficits, there is an expectation that following the improvement in inflation indicators, a gradual reduction in market interest rates, both in the government securities which may be followed by gradual reduction in interest rates on loans to the productive sector.

## 18. PERFORMANCE FOR THE YEAR

During the year the Group earned a net profit of TZS 154,444 million (2013: TZS 133,638 million). In addition, the following achievements were recorded in the year:-

- The Group recorded a profit before tax of TZS 223,548 million (2013: TZS 187,863 million); the good performance was contributed by overall growth of customer deposits, loan portfolio and attractive yields on Government securities held.
- Total assets of the Group increased to TZS 3,888,668 million (2013: TZS 3,287,175 million). The growth was driven mainly by the increase of loan portfolio and, in particular, Salary Workers Loans, Corporate and SME loans. This growth in assets was funded by growth in deposits and borrowings from Financierings-Maatschappij voor Ontwikkelingslanden N.V (FMO) and European Investment Bank.

The audited financial statements for the year are set out on pages 56 to 120.

## 19. CASH FLOW

During the year, the Bank's major source of cash flow has been from operations that generated TZS 369,149 million and TZS 43,284 million from borrowing. The major use of the cash flow has been TZS 72,850 million for payment of Tax, TZS 61,541 million investment in fixed assets especially for the new head office and TZS 45,000 million being dividend payment from last year's profits.

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

## 20. DIVIDEND

The Directors propose payment of a dividend of TZS 104 per share, amounting to TZS 52 billion. In 2013, a dividend of TZS 90 per share, amounting to TZS 45 billion was approved and paid.

## 21. RESOURCES

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

## 22. PRINCIPAL RISKS AND UNCERTAINTIES

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

### Fraud risk

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

### Operational risk

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

### Financial risk

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

## 23. RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

The Board assessed the internal control systems throughout the financial year ended 31 December 2014 and is of the opinion that they met accepted criteria.

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

## 24. KEY PERFORMANCE INDICATORS FOR BANK

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

Performance indicator	Definition and calculation method	NMB Ratios	
		2014	2013
Return on equity	Net profit/Total equity	27%	29%
Return on assets	Net profit/Total assets	4%	4%
Cost to income ratio	Total costs/Net income	53%	53%
Interest margin on earning assets	Total interest income/(interest in government securities + balances with other financial institutions + interbank loan receivables + investments in other securities + net loans, advances and overdraft	14%	14%
Non - interest income to Gross income	Non - interest income/Total income	27%	28%
Loans to deposits ratio	Total loans to customers/Total deposits from customers	68%	68%
Non - performing loans to gross loans	Non - performing loans/Gross loans and advances	3%	2%
Earning assets to total assets	Earning assets/Total assets	75%	79%
Growth on total assets	Increase in assets for the year/Total asset opening balance	18%	17%
Growth on loans and advances to customers	Increase in Loans and advances /Opening balance of loans and advances	24%	20%
Growth on customer deposits	Increase in customer deposits/Opening balance of customer deposits	16%	13%
<b>Capital adequacy</b>			
Tier 1 Capital	Core Capital /Risk weighted assets including Off balance sheet items	21%	22%
Tier 1+Tier 2 Capital	Total Capital /Risk weighted assets including off-balance sheet items	22%	23%

## 25. SERIOUS PREJUDICIAL MATTERS

In the opinion of the Directors, there are no serious unfavorable matters that can affect the Bank (2013: none).

## 26. SOLVENCY

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

## 27. EMPLOYEES' WELFARE

### Management and employees' relationship

Relationship and dialogue between management and employees continued to be good for the year 2014. There were no unresolved complaints received by Management from the employees during the year. A healthy relationship continues to exist between management and the trade union with whom the Bank signed a recognition agreement.

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

### Training facilities

During the year the Bank spent TZS 3,695 million (2013: TZS 1,965) on staff training in order to improve employees' technical skills and hence effectiveness. Training programs have been and are continually being developed to ensure employees are adequately trained at all levels. All employees have some form of annual training to upgrade skills and enhance development.

### Medical assistance

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

### Financial assistance to staff

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

### Persons with disabilities

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

### Employees benefit plan

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

The number of employees during the year was 3,009 (2013: 2,866).

## 28. GENDER PARITY

The Bank had 3,009 employees, out of which 1,668 were male and 1,341 were female (2013: male 1,645, female 1,221).

## 29. RELATED PARTY TRANSACTIONS

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

## 30. POLITICAL AND CHARITABLE DONATIONS

The Bank did not make any political donations during the year. Donations made to charitable and other organizations during the year amounted to TZS 1,335 million (2013: TZS 1,049 million).

## 31. RELATIONSHIP WITH STAKEHOLDERS

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

## 32. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Bank encourages its employees' initiatives on participating in the CSR activities. Various activities were carried out during the year including providing school desks, hospital beds and in-kind support in case of natural or other disasters. The Bank launched financial fitness program with the objective of teaching secondary school students basic skills on financial management.

## 33. AUDITORS

The auditors, Deloitte & Touche, having expressed their willingness, continue in office as auditors and is eligible for re-appointment. A resolution proposing the re-appointment of Deloitte & Touche as auditors of the Company for the financial year 2015 will be put to the Annual General Meeting.

### BY ORDER OF THE BOARD



Prof. Joseph Semboja  
Chairman

19 March 2015



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

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

The Directors accept responsibility for the annual consolidated financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards, in the manner required by the Companies Act, 2002 and the Banking and Financial Institutions Act, 2006. The Directors are of the opinion that the consolidated and Bank financial statements give a true and fair view of the state of the financial affairs of the Bank and its subsidiaries' operating results. The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of consolidated financial statements, as well as adequate systems of internal financial control.

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

Signed on behalf of the Board of Directors by:



Prof. Joseph Semboja  
Chairman  
19 March 2015

Report on the financial statements

We have audited the accompanying consolidated financial statements of National Microfinance Bank Plc (the "Bank") and its subsidiaries (together the "Group"), set out on pages 56 to 120 which comprise the consolidated and the Bank's statements of financial position as at 31 December 2014, and the consolidated and the Bank's statement of profit or loss and other comprehensive income; consolidated and the Bank's statements of changes in equity and consolidated and the Bank's statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated and Bank financial statements give a true and fair view of the state of the Group's and the Bank's financial affairs as at 31 December 2014 and the Group's and the Bank's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, the requirements of the Companies Act, 2002 and the Banking and Financial Institutions Act, 2006.

Report on other legal requirements

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

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

Deloitte & Touche  
Certified Public Accountants (Tanzania)



Signed by: D C Nchimbi  
19 March 2015  
Dar es Salaam

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

	Notes	2014 TZS' Millions	2013 TZS' Millions
Interest and similar income	7(a)	416,490	355,686
Interest and similar expenses	8	(39,264)	(25,893)
<b>Net interest income</b>		<b>377,226</b>	<b>329,793</b>
Loan impairment charges	20	(16,589)	(23,766)
<b>Net interest income after loan impairment</b>		<b>360,637</b>	<b>306,027</b>
Fee and commission income	9(a)	117,113	98,279
Fee and commission expense	9(a)	(7,369)	(6,000)
<b>Net fee and commission income</b>		<b>109,744</b>	<b>92,279</b>
<b>Total operating income</b>		<b>470,381</b>	<b>398,306</b>
Foreign exchange income	10	17,620	8,378
Other income	11	9,250	6,646
Employee benefit expenses	12	(116,693)	(99,675)
General and administrative expenses	13(a)	(137,554)	(108,222)
Depreciation and amortization	14	(19,456)	(17,570)
<b>Profit before income tax</b>		<b>223,548</b>	<b>187,863</b>
Income tax expense	15	(69,036)	(54,225)
<b>Profit for the year</b>		<b>154,512</b>	<b>133,638</b>
<b>Attributable to:</b>			
Owners of the parent		154,839	133,713
Non-controlling interests		(327)	(75)
<b>Profit for the year</b>		<b>154,512</b>	<b>133,638</b>
<b>Other comprehensive income, net of tax</b>			
Items that may be subsequently reclassified to profit or loss: Loss on revaluation of available for sale government securities		(68)	-
<b>Total comprehensive income for the year</b>		<b>154,444</b>	<b>133,638</b>
<b>Attributable to:</b>			
Owners of the parent		154,771	133,713
Non-controlling interests		(327)	(75)
<b>Total comprehensive income for the year</b>		<b>154,444</b>	<b>133,638</b>
Basic and diluted earnings per share (TZS)	16(a)	309.54	267.43

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

	Notes	2014 TZS' Millions	2013 TZS' Millions
Interest and similar income	7(b)	417,603	355,686
Interest and similar expenses	8	(39,264)	(25,893)
<b>Net interest income</b>		<b>378,339</b>	<b>329,793</b>
Loan impairment charges	20	(16,589)	(23,766)
<b>Net interest income after loan impairment</b>		<b>361,750</b>	<b>306,027</b>
Fee and commission income	9(b)	117,149	98,378
Fee and commission expense	9(b)	(7,369)	(6,000)
<b>Net fee and commission income</b>		<b>109,780</b>	<b>92,378</b>
<b>Total operating income</b>		<b>471,530</b>	<b>398,405</b>
Foreign exchange income	10	17,620	8,378
Other income	11	9,250	6,646
Employee benefit expenses	12	(116,693)	(99,675)
General and administrative expenses	13 (b)	(137,592)	(108,053)
Depreciation and amortization	14	(19,456)	(17,570)
<b>Profit before income tax</b>		<b>224,659</b>	<b>188,131</b>
Income tax expense	15	(69,036)	(54,225)
<b>Profit for the year</b>		<b>155,623</b>	<b>133,906</b>
<b>Other comprehensive income, net of tax</b>			
Items that may be subsequent reclassified to profit or loss: Loss on revaluation of available for sale government securities		(68)	-
<b>Total comprehensive income for the year</b>		<b>155,555</b>	<b>133,906</b>
Basic and diluted earnings per share (TZS)	16(b)	311.11	267.81



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets	Notes	2014 TZS' Millions	2013 TZS' Millions
Cash and balances with Bank of Tanzania	18	807,402	545,308
Placements and balances with other Banks	19	140,908	153,377
Loans and advances to customers	20	1,986,162	1,606,357
Investment securities held-to-maturity	21(a)	736,352	820,744
Investment securities available for sale	21(b)	774	-
Equity investments	22(a)	1,740	1,740
Other assets	23(a)	55,231	45,748
Property and equipment	24(a)	126,695	88,040
Intangible assets	25	4,437	708
Current income tax	15 (b)	3,865	2,313
Deferred income tax	26	25,102	22,840
<b>Total assets</b>		<b>3,888,668</b>	<b>3,287,175</b>
<b>Liabilities</b>			
Deposit due to other banks		5,244	6,080
Deposits from customers	27(a)	3,005,585	2,577,946
Other liabilities	28(a)	92,484	71,624
Provisions	29	4,552	3,450
Borrowings	30	204,095	160,811
<b>Total liabilities</b>		<b>3,311,960</b>	<b>2,819,911</b>
<b>Capital and reserves</b>			
Share capital	31	20,000	20,000
Retained earnings		545,862	436,023
Fair valuation reserve	31	(68)	-
<b>Capital and reserves attributable to owners of the parent</b>		<b>565,794</b>	<b>456,023</b>
<b>Non-controlling interests</b>		<b>10,914</b>	<b>11,241</b>
<b>Total equity and liabilities</b>		<b>3,888,668</b>	<b>3,287,175</b>

The consolidated financial statements on pages 56 to 120 were approved and authorised for issue by the Board of Directors and signed on its behalf by:



**Prof. Joseph Semboja**  
Chairman  
19 March 2015

## BANK'S STATEMENT OF FINANCIAL POSITION

Assets	Notes	2014 TZS' Millions	2013 TZS' Millions
Cash and balances with Bank of Tanzania	18	807,402	545,308
Placements and balances with other banks	19	140,908	153,377
Loans and advances to customers	20	2,007,389	1,614,292
Investment securities held-to-maturity	21(a)	736,352	820,744
Investment securities available for sales	21(b)	774	-
Equity investments	22(b)	20,600	20,600
Other assets	23(b)	49,319	40,894
Property and equipment	24(b)	85,847	59,110
Intangible assets	25	4,437	708
Current income tax	15(b)	3,865	2,313
Deferred income tax	26	25,102	22,840
<b>Total assets</b>		<b>3,881,995</b>	<b>3,280,186</b>
<b>Liabilities</b>			
Deposit due to other banks		5,244	6,080
Deposits from customers	27(b)	3,006,640	2,582,625
Other liabilities	28(b)	94,243	70,554
Provisions	29	4,552	3,450
Borrowing	30	204,095	160,811
<b>Total liabilities</b>		<b>3,314,774</b>	<b>2,823,520</b>
<b>Capital and reserves</b>			
Share capital	31	20,000	20,000
Retained earnings		547,289	436,666
Fair valuation reserve	31	(68)	-
<b>Total equity</b>		<b>567,221</b>	<b>456,666</b>
<b>Total equity and liabilities</b>		<b>3,881,995</b>	<b>3,280,186</b>

The consolidated financial statements on pages 56 to 120 were approved and authorised for issue by the Board of Directors and signed on its behalf by:



**Prof. Joseph Semboja**  
Chairman  
19 March 2015

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained earnings	Fair valuation reserve	Total	Non-controlling interest	Total equity
	TZS'Millions	TZS'Millions	TZS'Millions	TZS'Millions	TZS'Millions	TZS'Millions
<b>At 1 January 2014</b>	20,000	436,023	-	456,023	11,241	467,264
Profit/(loss) for the year	-	154,839	-	154,839	(327)	154,512
<b>Other comprehensive income:</b>						
Loss on fair valuation of Available for sale financial assets	-	-	(68)	(68)	-	(68)
Total comprehensive income	-	154,839	68	154,771	(327)	154,444
<b>Transactions with owners</b>						
Dividends paid - Final 2013	-	(45,000)	-	(45,000)	-	(45,000)
<b>At 31 December 2014</b>	<b>20,000</b>	<b>545,862</b>	<b>(68)</b>	<b>565,794</b>	<b>10,914</b>	<b>576,708</b>
<b>At 1 January 2013</b>	20,000	336,310	-	356,310	8,070	364,380
Profit/(loss) for the year	-	133,713	-	133,713	(75)	133,638
Total comprehensive income	-	133,713	-	133,713	(75)	133,638
<b>Transactions with owners</b>						
Additional capital contribution	-	-	-	-	3,246	3,246
Dividends paid - Final 2012	-	(34,000)	-	(34,000)	-	(34,000)
<b>At 31 December 2013</b>	<b>20,000</b>	<b>436,023</b>	<b>-</b>	<b>456,023</b>	<b>11,241</b>	<b>467,264</b>

## BANK'S STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained earnings	Fair valuation reserve	Total
	TZS'Millions	TZS'Millions	TZS'Millions	TZS'Millions
<b>At 1 January 2014</b>	20,000	436,666	-	456,666
<b>Comprehensive income</b>				
Profit for the year	-	155,623	-	155,623
Other comprehensive income	-	-	(68)	(68)
Total comprehensive income	-	155,623	(68)	155,555
<b>Transactions with owners</b>				
Dividends paid - Final 2014	-	(45,000)	-	(45,000)
<b>At 31 December 2014</b>	<b>20,000</b>	<b>547,289</b>	<b>(68)</b>	<b>567,221</b>
<b>At 1 January 2013</b>	20,000	336,760	-	356,760
<b>Comprehensive income</b>				
Profit for the year	-	133,906	-	133,906
Total comprehensive income	-	133,906	-	133,906
<b>Transactions with owners</b>				
Dividends paid - Final 2013	-	(34,000)	-	(34,000)
	20,000	436,666	-	456,666

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2014 TZS' Millions	2013 TZS' Millions
<b>Cash generated from / (used in) operations</b>	33(a)	369,149	(108,676)
Tax paid	15(b)	(72,850)	(67,431)
Net cash generated from / (used in) operations		296,299	(176,107)
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	24 (a)	(61,541)	(34,685)
Purchase of intangible assets	25	(311)	(238)
Proceeds from sale of property and equipment		337	300
Acquisition of shares in other companies	22(a)	-	(540)
Net cash used in investing activities		(61,515)	(35,163)
<b>Cash flows from financing activities</b>			
Borrowings	30	43,284	160,811
Proceeds from issuance of shares to non-controlling interest		-	3,246
Dividends paid	17	(45,000)	(34,000)
Net cash (used in)/generated from financing activities		(1,716)	130,057
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>233,068</b>	<b>(81,213)</b>
Cash and cash equivalents at beginning of the year		388,930	470,143
<b>Cash and cash equivalents end of the year</b>	32	<b>621,998</b>	<b>388,930</b>
<b>Analysis of cash and cash equivalents at end of the year:</b>			
Cash in hand		207,987	218,133
Balances with Bank of Tanzania		273,103	17,420
Deposits and balances due from banking institutions		140,908	153,377
		<b>621,998</b>	<b>388,930</b>

## BANK'S STATEMENT OF CASH FLOWS

	Notes	2014 TZS' Millions	2013 TZS' Millions
<b>Cash generated from/(used in) operations</b>	33(b)	357,231	(113,166)
Tax paid	15(b)	(72,850)	(67,431)
Net cash generated from/ (used in) operations		284,381	(180,597)
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	24	(49,623)	(21,501)
Purchase of intangible assets	25	(311)	(238)
Proceeds from sale of property and equipment		337	300
Acquisition of shares in other companies	22(b)	-	(5,988)
Net cash used in investing activities		(49,597)	(27,427)
<b>Cash flows from financing activities</b>			
Borrowing	30	43,284	160,811
Dividends paid	17	(45,000)	(34,000)
Net cash (used in)/generated from financing activities		(1,716)	126,811
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>233,068</b>	<b>(81,213)</b>
Cash and cash equivalents at the beginning of the year		388,930	470,143
<b>Cash and cash equivalents end of the year</b>	32	<b>621,998</b>	<b>388,930</b>
<b>Analysis of cash and cash equivalents at end of the year:</b>			
Cash in hand		207,987	218,133
Balances with Bank of Tanzania		273,103	17,420
Deposits and balances due from banking institutions		140,908	153,377
		<b>621,998</b>	<b>388,930</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

## 1. REPORTING ENTITY

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

The Bank is listed on the Dar es Salaam Stock Exchange (DSE).

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

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

## Adoption of new and revised International Financial Reporting Standards (IFRSs)

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

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

Amendment to IAS 32, 'Financial Instruments: Presentation' on offsetting financial assets and financial liabilities.	This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Group and Bank financial statements.
Amendment to IAS 36, 'Impairment of assets' on the recoverable amount disclosures for non-financial assets.	This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13. The amendments remove the requirement to disclose the recoverable amount when a CGU contains goodwill or indefinite lived intangible assets but there has been no impairment. The application of the standard had no effect on the Group's financial statement.
Amendment to IAS 39, 'Financial instruments: Recognition and measurement'	Amendment to IAS 39, 'Financial instruments: Recognition and measurement' on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to 'over-the-counter' derivatives and the establishment of central counterparties. Under IAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The application of the standard had no effect on the Group's financial statement as the Group does not have financial derivatives and hedge accounting.

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

IFRIC 21, 'Levies'	IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. The Group is not currently subjected to significant levies so the impact on the Group is not material.
Amendments to IFRS 10, 12 and IAS 27 on Consolidation for investment entities	These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made IFRS 12 to introduce disclosure that an investment entity needs to make

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not material to the Group.



**b) New and revised IFRSs in issue but not yet effective for periods starting on 1 January 2014, but will be effective for later periods**

Standard or amendments	Key requirements	Effective Date
Annual improvements 2012	<p>These annual improvements amend standards from the 2012 reporting cycle. It includes changes to:</p> <ul style="list-style-type: none"> <li>IFRS 2 - Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition';</li> <li>IFRS 3, 'Business combinations', and clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial Liability or equity, on the basis of the definitions in IAS 32, 'Financial instruments: Presentation'. It also clarifies that all non-equity contingent consideration is measured at fair value at each reporting date, with changes in value recognised in profit or loss.</li> <li>IFRS 8, 'Operating segments' which is amended to require disclosure of the judgements made by management in aggregating operating segments. It is also amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported.</li> </ul>	1 July 2014
Annual improvements 2012	<p>These annual improvements amend standards from the 2010 – 2012 reporting cycle, it includes changes to:</p> <ul style="list-style-type: none"> <li>IFRS 13, 'Fair value' which amended the basis of conclusions to clarify that it did not intend to remove the ability to measure short term receivables and payables at invoice amounts where the effect of discounting is immaterial.</li> <li>IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets' are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.</li> <li>IAS 24, 'Related party disclosures' is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required.</li> </ul>	1 July 2014
Annual improvements 2013	<p>These annual improvements amend standards from the 2011 – 2013 reporting cycle, it includes changes to:</p> <ul style="list-style-type: none"> <li>IFRS 1 - Clarify which versions of IFRSs can be used on initial adoption (amends basis for conclusions only);</li> <li>IFRS 3 - Clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself;</li> <li>IFRS 13 - Clarify the scope of the portfolio exception in paragraph 52; and</li> <li>IAS 40 - Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.</li> </ul>	1 July 2014

**b) New and revised IFRSs in issue but not yet effective for periods starting on 1 January 2014, but will be effective for later periods (continued)**

Standard or amendments	Key requirements	Effective Date
Annual improvements 2014	<p>These annual improvements amend standards from the 2012 – 2014 reporting cycle. It includes changes to:</p> <ul style="list-style-type: none"> <li>IFRS 5 - Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.</li> <li>IFRS 7 - Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.</li> <li>IAS 9 - Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.</li> <li>IAS 34 - Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.</li> </ul>	1 July 2016
Amendment to IAS 19, 'Employee benefits regarding employee or third party contributions to defined benefit plans.	The amendment applies to contributions from employees or third parties to defined benefit plans and clarifies the treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example employee contributions that are calculated according to a fixed percentage of salary. Entities with plans that require contributions that vary with service will be required to recognise the benefit of those contributions over employee's working lives.	1 July 2014
Amendment to IFRS 11, Joint arrangement s regarding acquisition of an interest in a joint operation	This amendment provides new guidance on how to account for the acquisition of an interest in a joint venture operation that constitutes a business. The amendments require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a 'business'. The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation. However, a previously held interest is not re-measured when the acquisition of an additional interest in the same joint operation results in retaining joint control.	1 January 2016
Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets' regarding depreciation and amortization.	<p>This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.</p> <p>This has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The presumption may only be rebutted in certain limited circumstances. These are where the intangible asset is expressed as a measure of revenue; or where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.</p>	1 January 2016

**b) New and revised IFRSs in issue but not yet effective for periods starting on 1 January 2014, but will be effective for later periods (continued)**

Standard or amendments	Key requirements	Effective Date
Amendment to IFRS 10 and IAS 28 regarding the sale of contribution of assets between an investor and its associate or joint venture	These amendments address an inconsistency between IFRS 10 and IAS 28 in the sale or contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary.	1 January 2016
Amendment to IAS 27, 'Separate financial statements' regarding the equity method	The amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.	1 January 2016
IFRS 15, 'Revenue from contracts with customers'.	The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations.	1 January 2017
IFRS 9, 'Financial instruments'	The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.	1 January 2018

The Group and Bank is currently assessing the impact of the new standards and amendments on the disclosures in its financial statements.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**(a) Basis of preparation**

The consolidated and Bank financial statements of National Microfinance Bank plc have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The consolidated 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 financial statements are disclosed in note 4.

**(b) Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Bank and entities controlled by the Bank (its subsidiaries). The financial statements of the Bank and its subsidiaries are made up to 31 December 2014.

**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.

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

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

**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, investments in subsidiaries and associates are accounted for at cost less impairment.

**(c) Interest income and expense**

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

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when

**(c) Interest income and expense (continued)**

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

**(d) Fee and commission income**

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 each of the Group entities are measured using the currency of the primary economic environment in which the Group operates (“the functional currency”). The consolidated financial statements are presented in Tanzania Shillings (TZS) rounded to the nearest million, which is the Group’s functional and presentation currency.

*ii. Transactions and balances*

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

**(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;

**(f) Financial assets (continued)***(i) Loans and receivables (continued)*

- (b) those that the Group upon initial recognition designates as available for sale; or

- (c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are initially recognised at fair value – which is the cash consideration to originate or purchase the loan including any transaction costs – and measured subsequently at amortised cost using the effective interest method. Loans and receivables are reported in the statement of financial position as loans and advances to customers, Placement and balances with other banks or as investment securities.

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

*(ii) Held-to-maturity investments*

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

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

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

*(iii) Available for sale*

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

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

**(g) Recognition of financial assets**

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

**(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 deposits from banks or 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 Bank classifies the financial instruments into classes that reflect the nature of information and take into account the characteristics of those financial instruments. The classification made can be seen on the table below:

Item on statement of financial position	Class
<strong>Financial assets</strong>	
Placement and balances with other banks	Loans and receivables
Loans and advances to customer	Loans and receivables
Government bonds and bills	Held-to-maturity
Treasury bond	Available for sale
Other assets	Loans and receivables
Equity investments	Available for sale
<strong>Financial liabilities</strong>	
Deposits from banks	Financial liabilities at amortised cost
Deposits from customers	Financial liabilities at amortised cost
Other liabilities	Financial liabilities at amortised cost
Borrowings	Financial liabilities at amortised cost

(k) Impairment of financial assets

(i) Assets carried at amortised cost

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

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

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

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.

(i) Assets carried at amortised cost (Continued)

or not, it includes the asset in a Group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

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

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

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

(ii) Assets classified as available-for-sale

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

(iii) Renegotiated loans

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

(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) Impairment of non-financial assets

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

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. No non-financial assets were impaired in 2014.

**(n) Borrowings**

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

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

**(o) Income tax**

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

Deferred income tax is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

**(p) Provisions**

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

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

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

**(q) 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:-

**(q) Property and equipment (continued)**

	%
Building	5
Motor vehicles	25
Furniture, fittings and equipment	20
Computer equipment	33.3

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

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

**(r) Intangible assets**

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

**(s) Cash and cash equivalents**

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

**(t) Employee benefits***Retirement benefit obligations*

The Bank and Subsidiaries has a statutory requirement to contribute to the Parastatal Pension Fund (PPF) and National Social Security Fund (NSSF), which are defined contribution scheme. The Bank and Subsidiaries contributes 15% of the required 20% of gross emoluments to the scheme and the contributions are recognised as an expense in the period to which they relate. The remaining 5% is deducted from employees. The Bank and Subsidiaries has no legal or constructive obligation to pay further contributions if the Funds does not hold sufficient assets to pay all employees the benefit relating to the employees service in the current and prior periods.

**(u) Share capital**

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

**(v) Dividend**

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

**(w) Earnings per share**

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

**(x) Leases**

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

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

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

**(y) Contingencies and commitments**

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

**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.

**i i) Acceptances and letters of credit**

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

**(z) Comparatives**

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

**4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

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

**a) Impairment losses on loans and advances**

The Group reviews its loan portfolios to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the profit or loss, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers, or national or local economic conditions that correlate with defaults on assets. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. The effect of sensitivity analysis is not material due to the impairment approach adopted by the Group.

**4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)****b) Held-to-maturity investments**

The Group follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Group evaluates its intention and ability to hold such investments to maturity. If Group fails to keep these investments to maturity other than for the specific circumstances - for example, selling an insignificant amount close to maturity - it will be required to reclassify the entire class as available-for-sale. The investments would therefore be measured at fair value not amortised cost. If all held-to-maturity investments were not to be so classified, the carrying value would decrease by TZS 4,227m with a corresponding entry in fair valuation reserve in shareholder's equity.

**c) Property and equipment, leased premises refurbishments and intangible assets**

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

**d) Taxes**

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

The recognition of deferred tax asset relies on an assessment of the probability and sufficiency of future taxable profit, future reversals of existing taxable temporary differences and ongoing tax planning and strategies. The deferred tax recognised in the Group's statement of financial position as at 31 December 2014 was TZS 25,102 million (2013: TZS 22,840 million). The judgment takes into consideration the effect of both positive and negative evidence, including historical financial performance, projections of future taxable income and future reversals of existing taxable temporary differences.

**(e) Impairment of available for sale equity investments**

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

**(f) Provisions**

The Bank and Group has provided for the liabilities arising out of contractual obligations. The closing balance of provisions on litigations amounted to TZS 4,552 million (2013: TZS 3,450 million). Professional expert advice is taken on establishing litigation provisions. Provisions for legal proceedings and regulatory matters typically require a higher degree of judgements than other types of provisions. When cases are at an early stage, accounting judgements can be difficult because of the high degree of uncertainty associated with determining whether a present obligation exists as a result of a past event, estimating the probability of outflows and making estimates of the amount of any outflows that may arise. As matters progress through various stages of the cases, Management together with legal advisers evaluate on an ongoing basis whether provisions should be recognised, and the estimated amounts of any such provisions, revising previous judgements and estimates as appropriate.



## 5 SEGMENT REPORTING

The Bank's subsidiaries have not commenced commercial operations. Consequently, the segment information presented below relates only to the Bank.

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

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

2014	Treasury	Wholesale banking	Retail banking	Total
Interest income	113,176	65,975	238,452	417,603
Interest expense	(64,775)	15,853	9,658	(39,264)
<b>Net Interest Income</b>	<b>48,401</b>	<b>81,828</b>	<b>248,110</b>	<b>378,339</b>
Credit impairment charges	-	(4,954)	(11,635)	(16,589)
Non-interest income	16,885	11,712	108,053	136,650
Depreciation and amortisation	(1,946)	(3,891)	(13,619)	(19,456)
Staff costs	(11,669)	(23,339)	(81,685)	(116,693)
Other expenses	(13,759)	(27,518)	(96,315)	(137,592)
<b>Operating profit</b>	<b>37,912</b>	<b>33,838</b>	<b>152,909</b>	<b>224,659</b>
Income tax provision	(7,519)	(14,529)	(46,988)	(69,036)
<b>Profit after tax</b>	<b>30,393</b>	<b>19,309</b>	<b>105,921</b>	<b>155,623</b>
<b>Segment assets, liabilities and equity</b>				
Total assets	<b>1,132,492</b>	<b>693,020</b>	<b>2,056,483</b>	<b>3,881,995</b>
Total liabilities and equity	<b>773,001</b>	<b>1,260,765</b>	<b>1,848,229</b>	<b>3,881,995</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 2013 is as follows (all amounts in TZS millions):

2013	Treasury	Wholesale banking	Retail banking	Total
Interest income	109,054	50,235	196,397	355,686
Interest expense	(53,278)	5,657	21,728	(25,893)
<b>Net Interest Income</b>	<b>55,776</b>	<b>55,892</b>	<b>218,125</b>	<b>329,793</b>
Credit impairment charges	-	(6,310)	(17,457)	(23,767)
Non-interest income	8,383	15,140	83,880	107,403
Depreciation and amortization	(1,757)	(3,514)	(12,299)	(17,570)
Staff costs	(10,604)	(21,209)	(67,862)	(99,675)
Other expenses	(10,768)	(21,537)	(75,748)	(108,053)
<b>Operating profit</b>	<b>41,030</b>	<b>18,462</b>	<b>128,639</b>	<b>188,131</b>
Income tax provision	(11,826)	(5,321)	(37,078)	(54,225)
<b>Profit after tax</b>	<b>29,204</b>	<b>13,141</b>	<b>91,561</b>	<b>133,906</b>
<b>Segment assets, liabilities and equity</b>				
Total assets	<b>936,636</b>	<b>611,170</b>	<b>1,732,380</b>	<b>3,280,186</b>
Total liabilities and equity	<b>517,743</b>	<b>961,311</b>	<b>1,801,132</b>	<b>3,280,186</b>

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 Bank's total income.

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

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

## 6. FINANCIAL RISK MANAGEMENT

The Bank's subsidiaries have not commenced commercial operations and are currently engaged in the initial stage of property development. Consequently, the financial risk management information presented below relates only to the Bank.

Taking risk is core to the banking business, and the operational risks are inevitable consequence of being in business. The Bank's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Bank's financial performance.

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

**6.1 Credit risk**

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

**6.1.1 Credit risk measurement***Loans and advances*

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

For internal monitoring of the quality of the portfolio, the bank uses loan classification and provision based on requirements of the bank of Tanzania. These credit risk measurements, which reflect expected loss (the 'expected loss model'), are therefore embedded in the Bank's daily operational management. The operational measurements are contrasted with impairment allowances required under IAS 39, which are based on losses that have been incurred at the end of reporting period (the 'incurred loss model') rather than expected losses.

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

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

Bank's rating	Number of days past due	
	Micro loans	Other loans
Current	0	0 - 30
Especially mentioned	1 - 30	31 - 90
Sub-standard	31 - 60	91 - 180
Doubtful	61 - 90	181 - 270
Loss	91 or more	271 and more

**6.1.2 Risk limit control and mitigation policies***(a) Lending limits*

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

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

**6.1.2 Risk limit control and mitigation policies (continued)***(b) Collateral*

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

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

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

*(c) Credit-related commitments*

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

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

**6.1.3 Impairment and provisioning policies**

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

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

	31 December 2014		31 December 2013	
	Loans and advances to customers	Impairment provision	Loans and advances to customers	Impairment provision
Micro and Small Enterprises (MSE)	154,376	3,625	139,901	2,070
Consumer	1,155,849	9,860	892,249	18,621
Corporate customers	506,660	19,011	429,709	17,162
Small and Medium size Enterprises (SME)	229,881	6,881	190,570	284
	<b>2,046,766</b>	<b>39,377</b>	<b>1,652,429</b>	<b>38,137</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 that are above materiality thresholds at least annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at balance-sheet date on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account.

**6.1.3 Impairment and provisioning policies (continued)**

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

The regulatory provision is derived from each of the five rating classes as shown below:

Bank's Rating	31 December 2014		31 December 2013	
	Loans and advances (%)	Impairment provision (%)	Loans and advances (%)	Impairment provision (%)
1. Current	95.5	0.2	96.6	0.2
2. Especially mentioned	1.4	3.9	0.8	9.9
3. Sub-standard	1.0	17.9	1.1	13.6
4. Doubtful	0.9	53	0.6	54.9
5. Loss	1.2	100	0.9	100
	<b>100.0</b>		<b>100.0</b>	

**6.1.4 Maximum exposure to credit risk before collateral held or other credit enhancement**

57% of the total maximum exposure is derived from loans and advances to customers (2013: 66%); 25.3% of Bank's investment represents investments in government securities (2013: 31%).

The Directors are confident in the ability to continue to control and sustain minimal exposure of credit risk to the Bank resulting from both the loans and advances portfolio and debt securities based on the following:

- 96.9% of the loans and advances portfolio is categorised in the top two grades of the internal rating system (2013: 97.4%);
- 95.5% of the loans and advances portfolio are considered to be neither past due nor impaired (2013: 96.6%);
- The Bank has introduced a more stringent selection process upon granting loans and advances; and
- Investment in government treasury bills and treasury bonds has minimal credit risk.

**6.1.5 Loans and advances**

Loans and advances are summarised as follows:

	Note	2014 TZS Millions	2103 TZS Millions
Neither past due nor impaired	6.1.5(a)	1,856,070	1,435,685
Past due but not impaired	6.1.5(b)	134,701	173,787
Individually impaired	6.1.5(c)	55,995	42,957
<b>Gross</b>		<b>2,046,766</b>	<b>1,652,429</b>
Less: allowance for impairment		(39,377)	(38,137)
<b>Net</b>		<b>2,007,389</b>	<b>1,614,292</b>
Portfolio allowance		(21,244)	(21,325)
Individually impaired		(18,133)	(16,812)
		<b>(39,377)</b>	<b>(38,137)</b>

The total impairment provision for loans and advances is TZS 39,377 million (2013: TZS 38,137 million). This amount represents both the individually impaired loans and portfolio impairment provision. Further analysis of the impairment provision for loans and advances to customers is provided in Note 20.

**6.1.5 Loans and advances (continued)**

During the year ended 31 December 2014, the Bank's total loans and advances increased by 24% as a result of the expansion of the lending business. When entering into new markets or new industries, in order to minimise the potential increase of credit risk exposure, the Bank focused more on the business with large corporate enterprises, quality SMEs and Salaried Workers Loans.

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

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

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

	2014 TZS Millions	2013 TZS Millions
MSEs	142,110	131,473
Consumer loans	1,045,105	719,929
Corporate customers	459,945	400,477
SMEs	208,910	183,806
	<b>1,856,070</b>	<b>1,435,685</b>

95.5% (2013: 96.6%) of the loans and advances that were neither past due nor impaired fall under top grade of the internal rating system, known as Current. The rest fall under next grades known as Especially mentioned and Sub-standard.

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

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

Late processing and other administrative delays on the side of the borrower can lead to a financial asset being past due but not impaired. Therefore, loans and advances less than 181 days past due are not usually considered impaired (in some cases over 270 days if the loan is cash guaranteed), unless other information is available to indicate the contrary. Gross amount of loans and advances by class to customers that were past due but not impaired were as follows:

31 December 2014	Individual (retail) customers		Corporate customers		Total TZS Millions
	MSEs TZS Millions	Consumer TZS Millions	Corporate customers TZS Millions	SMEs TZS Millions	
Past due up to 30 days	2,447	72,581	4,326	11,937	91,291
Past due 30 - 60 days	1,174	12,757	2,581	1,867	18,379
Past due 60 - 90 days	747	2,200	-	1,678	4,625
Past due 90 - 180 days	4,181	12,512	2,578	1,135	20,406
<b>Total</b>	<b>8,549</b>	<b>100,050</b>	<b>9,485</b>	<b>16,617</b>	<b>134,701</b>
<b>31 December 2013</b>					
Past due up to 30 days	3,083	119,429	-	3,104	125,616
Past due 30 - 60 days	1,223	26,314	-	1,454	28,991
Past due 60 - 90 days	729	4,048	-	1,055	5,832
Past due 90 - 180 days	1,323	8,096	3,929	-	13,348
<b>Total</b>	<b>6,358</b>	<b>157,887</b>	<b>3,929</b>	<b>5,613</b>	<b>173,787</b>



*(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 2014 was TZS 55,995 million (2013: TZS 42,957 million).

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

	2014 TZS Millions	2013 TZS Millions
MSEs	3,717	2,070
Consumer loans	10,694	14,433
Corporate customers	37,230	25,303
SMEs	4,354	1,151
	<b>55,995</b>	<b>42,957</b>

*(d) Amounts due from banks*

The total gross amount of impaired amounts due from banks as at 31 December 2014 was Nil (2013: Nil). No collateral is held by the Bank, and no impairment provision has been provided against the gross amount.

**6.1.6 Debt securities, treasury bills and other eligible bills**

The only investment securities held by the Bank are Treasury Bills and Treasury bonds issued by the Government. At the end of reporting period, these investments were not impaired. There are no credit ratings for these investments.

**6.1.7 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 2014. For this table, the Bank has allocated exposures to regions based on the country of domicile of its counterparties (Amounts are in TZS' Millions).

**6.1.8 Concentration of risks of financial assets with credit risk exposure (continued)***(a) Geographical sectors (continued)*

	Tanzania TZS Millions	Europe TZS Millions	America TZS Millions	Others TZS Millions	Total TZS Millions
Credit risk exposures relating to on-balance sheet assets are as follows					
<b>31 December 2014</b>					
Balances with the Bank of Tanzania	599,415	-	-	-	599,415
Placement and balances with other banks	12,670	75,089	53,129	20	140,908
Investment securities held-to-maturity	736,352	-	-	-	736,352
Investment securities available for sale	774				774
Loans and advances to customers:					
Loans to individuals:					
- MSEs	150,751	-	-	-	150,751
- Consumer loans	1,145,989	-	-	-	1,145,989
Loans to corporate entities:					
- Corporate customers	487,649	-	-	-	487,649
- SMEs	223,000	-	-	-	223,000
Other assets (Excluding Pre-payments)	34,881	-	-	-	34,881
<b>As at 31 December 2014</b>	<b>3,391,481</b>	<b>75,089</b>	<b>53,129</b>	<b>20</b>	<b>3,519,719</b>
Credit risk exposures relating to off-balance sheet assets are as follows:					
Guarantees and Indemnities	10,017	-	-	-	10,017
Undrawn Commitments	113,405	-	-	-	113,405
Acceptances and letters of credit - See note 34	135,985	-	-	-	135,985
<b>31 December 2014</b>	<b>259,407</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>259,407</b>
Balances with the Bank of Tanzania	327,175	-	-	-	327,175
Placement and balances with other banks	89,807	1,835	61,723	12	153,377
Investment securities held-to-maturity	820,744	-	-	-	820,744
Loans and advances to customers:					
Loans to individuals:					
- MSEs	137,831	-	-	-	137,831
- Consumer loans	873,628	-	-	-	873,628
Loans to corporate entities:					
- Corporate customers	412,547	-	-	-	412,547
- SMEs	190,286	-	-	-	190,286
Other assets (Excluding prepayments)	29,580	-	-	-	29,580
<b>As at 31 December 2013</b>	<b>2,881,598</b>	<b>1,835</b>	<b>61,723</b>	<b>12</b>	<b>2,945,168</b>
Credit risk exposures relating to off-balance sheet assets are as follows:					
Guarantees and Indemnities	4,468	-	-	-	4,468
Undrawn Commitments	76,490	-	-	-	76,490
Acceptances and letters of credit - See note 35	73,220	-	-	-	73,220
<b>As at 31 December 2013</b>	<b>154,178</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>154,178</b>

(b) Industry sectors

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

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

(b) Industry sectors (continued)

31 December 2013	Financial institutions	Manufactur- ing	Trading and commercial	Transport and communi- cation	Wholesale and retail	Agriculture	Individuals	Others	Total
	TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions
Balances with the Bank of Tanzania	327,175	-	-	-	-	-	-	-	327,175
Placement and balances with other banks	153,377	-	-	-	-	-	-	-	153,377
Investment securities held-to-maturity	820,744	-	-	-	-	-	-	-	820,744
Loans and advances to customers:									
Loans to individuals:									
- MSE	67	1,097	7,821	1,423	301	1,675	119,493	5,954	137,831
- Consumer loans	11,559	2,079	16,381	4,189	81	2,741	7,735	828,863	873,628
Loans to corporate entities:									
- Corporate customers	8,357	51,616	186,485	18,316	7,366	28,637	11,210	100,560	412,547
- SMEs	2,191	2,051	52,118	1,423	724	2,379	120,975	8,425	190,286
Other assets	29,580	-	-	-	-	-	-	-	29,580
As at 31 December 2013	1,353,050	56,843	262,805	25,351	8,472	35,432	259,413	943,802	2,945,168
Credit risk exposures relating to off-balance sheet assets are as follows:									
Guarantees and Indemnities	-	-	4,468	-	-	-	-	-	4,468
Undrawn Commitments	439	19,833	11,848	6,726	6,846	30,742	-	56	76,490
Acceptances and letters of credit	40	4,276	1,384	5,376	56,725	4,033	1,346	40	73,220
As at 31 December 2013	479	24,109	17,700	12,102	63,571	34,775	1,346	96	154,178

**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 customers 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 2014. Included in the table are the Bank's financial instruments at carrying amounts, categorised by currency (all amounts expressed in millions of Tanzania Shillings).

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

As at 31 December 2014	TZS Millions	USD Millions	EURO Millions	GBP Millions	Others Millions	Total Millions
<b>Assets</b>						
Cash and balances with Bank of Tanzania	683,995	120,593	2,361	452	1	807,402
Placement and balances with other banks	12,563	120,524	4,804	2,890	127	140,908
Investment securities held-to-maturity	736,352	-	-	-	-	736,352
Investment securities available for sale	774	-	-	-	-	774
Loans and advances to customers	1,836,143	171,246	-	-	-	2,007,389
Equity investments	20,600	-	-	-	-	20,600
Other assets (excluding prepayments)	34,877	4	-	-	-	34,881
<b>Total financial assets</b>	<b>3,325,304</b>	<b>412,367</b>	<b>7,165</b>	<b>3,342</b>	<b>128</b>	<b>3,748,306</b>
<b>Liabilities</b>						
Deposits from customers	2,755,464	247,114	3,429	633	-	3,006,640
Deposits from banks	-	5,244	-	-	-	5,244
Long term borrowing	69,959	134,136	-	-	-	204,095
Other liabilities (excluding non-financial other liabilities)	59,615	492	4	6	-	60,117
<b>Total financial liabilities</b>	<b>2,885,038</b>	<b>386,986</b>	<b>3,433</b>	<b>639</b>	<b>-</b>	<b>3,276,096</b>
<b>Net on-balance sheet financial position</b>	<b>440,266</b>	<b>25,381</b>	<b>3,732</b>	<b>2,703</b>	<b>128</b>	<b>472,210</b>
Off balance sheet position: Guarantee and Indemnities	4,285	5,732	-	-	-	10,017
Undrawn commitments	89,800	23,605	-	-	-	113,405
Acceptance and letters of credit	55	133,084	2,846	-	-	135,985
	<b>94,140</b>	<b>162,421</b>	<b>2,846</b>	<b>-</b>	<b>-</b>	<b>259,407</b>

**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 2013	TZS Millions	USD Millions	EURO Millions	GBP Millions	Others Millions	Total Millions
<b>Assets</b>						
Cash and balances with Bank of Tanzania	508,542	30,062	5,832	872	-	545,308
Placement and balances with other banks	80,751	70,777	123	1,711	15	153,377
Investment securities held-to-maturity	820,744	-	-	-	-	820,744
Loans and advances to customers	1,519,178	95,114	-	-	-	1,614,292
Equity investments	20,600	-	-	-	-	20,600
Other assets (excluding prepayments)	29,487	93	-	-	-	29,580
<b>Total financial assets</b>	<b>2,979,302</b>	<b>196,046</b>	<b>5,955</b>	<b>2,583</b>	<b>15</b>	<b>3,183,901</b>
<b>Liabilities</b>						
Deposits from customers	2,510,260	70,310	2,007	48	-	2,582,625
Deposits from banks	-	-	3,454	2,626	-	6,080
Long term borrowing	56,942	103,869	-	-	-	160,811
Other liabilities (excluding non-financial other liabilities)	45,324	28	-	-	-	45,352
<b>Total financial liabilities</b>	<b>2,612,526</b>	<b>174,207</b>	<b>5,461</b>	<b>2,674</b>	<b>-</b>	<b>2,794,868</b>
<b>Net on-balance sheet financial position</b>	<b>366,776</b>	<b>21,839</b>	<b>494</b>	<b>(91)</b>	<b>15</b>	<b>389,033</b>
Off balance sheet position:						
Guarantee and Indemnities	23	4,445	-	-	-	4,468
Undrawn commitments	63,650	12,840	-	-	-	76,490
Acceptance and letters of credit	-	69,068	3,272	880	-	73,220
	<b>63,673</b>	<b>86,353</b>	<b>3,272</b>	<b>880</b>	<b>-</b>	<b>154,178</b>

**Foreign exchange sensitivity analysis**

At 31 December 2014, if the Tanzanian shilling (TZS) had weakened/strengthened by 10% (2013: 10%) against US Dollar, with all other variables held constant, Bank's post tax profit for the year would have been TZS 2,538 million (2013: TZS 22 million) higher/lower mainly as a result of foreign exchange losses on translation of US Dollar dominated cash and balances with the Bank of Tanzania, Placement and balances with other banks and customers and deposits from customers and other banks.

At 31 December 2014, if the Tanzanian shilling (TZS) had weakened/strengthened by 10% (2013: 10%) against Euro, with all other variables held constant, Bank's post tax profit for the year would have been TZS 373 million (2013: TZS 49 million) higher/lower mainly as a result of foreign exchange losses on translation of Euro dominated placement and balances with other banks and deposits from customers and other banks.



**6.2.1 Foreign exchange risk (continued)****Foreign exchange sensitivity analysis (continued)**

At 31 December 2014, if the Tanzanian shilling (TZS) had weakened/strengthened by 10% (2013: 10%) against Pound (GBP), with all other variables held constant, Bank's post tax profit for the year would have been TZS 270 million (2013: TZS 264 million) higher/lower mainly as a result of foreign exchange losses on translation of Pound dominated cash and balances with Bank of Tanzania, placement and balances with other banks and customers and deposits from customers and other banks.

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

**6.2.2 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.

**6.2 Market risk (continued)****6.2.2 Interest rate risk (continued)**

As at 31 December 2014	Upto 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non-interest bearing TZS	Total
	TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions	Millions	TZS Millions
<b>Assets</b>							
Cash and balances with Bank of Tanzania	-	-	-	-	-	807,402	807,402
Investment securities held-to-maturity	73,783	117,945	264,598	248,356	31,670	-	736,352
Investment securities available for sale	-	-	-	774			774
Placement and balances with other banks	7,023	4,892	-	-	-	128,993	140,908
Loans and advances to customers	116,849	62,241	508,056	1,171,385	148,858		2,007,389
Equity Investments	-	-	-	-	-	20,600	20,600
Other assets (excluding prepayments)	-	-	-	-	-	34,881	34,881
<b>Total financial assets</b>	<b>197,655</b>	<b>185,078</b>	<b>772,654</b>	<b>1,420,515</b>	<b>180,528</b>	<b>991,876</b>	<b>3,748,306</b>
<b>Liabilities</b>							
Deposits from customers	67,851	242,583	301,894	33,022	-	2,361,290	3,006,640
Deposit from banks	-	5,244	-	-	-	-	5,244
Long term borrowing	-	-	-	187,830	16,265	-	204,095
Other liabilities (excluding non-financial)						60,117	60,117
<b>Total financial liabilities</b>	<b>67,851</b>	<b>247,827</b>	<b>301,894</b>	<b>220,852</b>	<b>16,265</b>	<b>2,421,407</b>	<b>3,276,096</b>
<b>Total interest repricing gap</b>	<b>129,804</b>	<b>(62,749)</b>	<b>470,760</b>	<b>1,199,663</b>	<b>164,203</b>	<b>(1,429,531)</b>	<b>472,210</b>

**6. FINANCIAL RISK MANAGEMENT (CONTINUED)****6.2 Market risk (continued)****6.2.2 Interest rate risk (continued)**

As at 31 December 2013	Upto 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	-	-	-	-	-	545,308	545,308
Investment securities held-to-maturity	71,792	118,443	376,827	212,363	41,319	-	820,744
Placement and balances with other banks	153,377	-	-	-	-	-	153,377
Loans and advances to customers	116,007	45,611	431,790	883,883	137,001	-	1,614,292
Equity Investments	-	-	-	-	-	20,600	20,600
Other assets (Excluding prepayments)	18,920	115	10,545	-	-	-	29,580
<b>Total financial assets</b>	<b>360,096</b>	<b>164,169</b>	<b>819,162</b>	<b>1,096,246</b>	<b>178,320</b>	<b>565,908</b>	<b>3,183,901</b>
<b>Liabilities</b>							
Deposits from customers	30,542	14,933	26,898	164	-	2,510,088	2,582,625
Deposit from banks	5,905	-	175	-	-	-	6,080
Long term borrowing	-	-	-	139,908	20,903	-	160,811
Other liabilities (Excluding non-financial other liabilities)	45,352	-	-	-	-	-	45,352
<b>Total financial liabilities</b>	<b>81,799</b>	<b>14,933</b>	<b>27,073</b>	<b>140,072</b>	<b>20,903</b>	<b>2,510,088</b>	<b>2,794,868</b>
<b>Total interest repricing gap</b>	<b>278,297</b>	<b>149,236</b>	<b>792,089</b>	<b>956,174</b>	<b>157,417</b>	<b>(1,944,180)</b>	<b>389,033</b>

**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 Millions).

	Weighted average	Net Interest Bearing Funding	Net position Impact	Impact
<b>Sensitivity period 2014</b>				
Less than 30 days	6,745	129,804	123,059	1,231
1 year	244,303	537,815	293,512	2,935
<b>2013</b>				
Less than 30 days	315,672	278,297	(37,375)	(374)
1 year	973,819	1,219,622	245,803	2,458

**6.3 Liquidity risk**

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

**6.3.1 Liquidity risk management process**

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

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

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

**6.3.2 Funding approach**

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

**6.3.3 Non-derivative cash flows**

The table below presents the cash flows payable by the Bank under non-derivative financial liabilities by remaining contractual maturities at the end of reporting period. The amounts disclosed in the table below are the contractual discounted cash flows. (Amounts are in TZS millions). The impact of cash outflow due to interest is not significant as deposits which attract interest are bonus, fixed deposits and junior account. As at 31 December 2014, the interest bearing deposits had a balance of TZS 645,350 million (2013: TZS 72,537 million).

As at 31 December 2014	Up to 1 month	1-3 months	3-12 months	Over 1 year
<b>Liabilities</b>				
Deposits from customers	2,429,141	242,583	301,894	33,022
Placements and balances with other banks	-	5,244	-	-
Long term borrowing	-	14,294	46,398	143,403
Other liabilities	60,117	-	-	-
<b>Total liabilities</b>	<b>2,489,258</b>	<b>262,121</b>	<b>348,292</b>	<b>176,425</b>
<b>As at 31 December 2013</b>				
<b>Liabilities</b>				
Deposits from customers	2,540,630	14,933	26,898	164
Placements and balances with other banks	6,080	-	-	-
Long term borrowing	-	-	11,184	149,627
Other liabilities	45,352	-	-	-
<b>Total liabilities</b>	<b>2,592,062</b>	<b>14,933</b>	<b>38,082</b>	<b>149,791</b>

**6.3 Liquidity risk (continued)****6.3.4 Assets held for managing liquidity risk**

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

- Cash and balances with the Bank of Tanzania (excluding SMR);
- Treasury and other eligible bills; and
- Placements with other banks;

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

**6.4 Off-balance sheet items***(a) Undrawn commitments, outstanding letters of credit, guarantee and indemnities*

The dates of the contractual amounts of the Bank's off-balance sheet financial instruments that commit it to extend credit to customers and other facilities (Note 35), are summarised in the table below.

*(b) Financial guarantees and other financial facilities*

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

	No later than 1 year	1-5 years	Over 5 years	Total
	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions
<b>As at 31 December 2014</b>				
Guarantee and indemnities	10,017	-	-	10,017
Undrawn commitments	113,405	-	-	113,405
Acceptance and letter of credit	135,985	-	-	135,985
<b>Total</b>	<b>259,407</b>	<b>-</b>	<b>-</b>	<b>259,407</b>
<b>As at 31 December 2013</b>				
Guarantee and indemnities	4,468	-	-	4,468
Undrawn commitments	76,490	-	-	76,490
Acceptance and letter of credit	73,220	-	-	73,220
<b>Total</b>	<b>154,178</b>	<b>-</b>	<b>-</b>	<b>154,178</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:

**6.5.1 Fair value estimation (continued)**

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

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

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

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

Type	Fair value at			Valuation technique and key inputs	Significant unobservable inputs	Relationship of unobservable input to fair value
	2014 TZS Millions	2013 TZS Millions	Hierarchy			
Available for sale				Net Asset of		
Equity investment	1,740	1,740	Level 2	the Investee	N/A	N/A
Treasury bonds	774	-	Level 2	Market approach	N/A	N/A

If above unobservable inputs to valuation model were 10% higher or lower while other variables were held constant, carrying amount of TZS 1,740 million (2013: TZS 1,740 millions) investments would have been higher or lower by TZS 174.1 million (2013: TZS 174.1 millions).



**6.5.2 Financial instruments not measured at fair value**

The following table analyses within the fair value hierarchy the Group's assets and liabilities (by class) not measured at fair value on recurring basis are disclosed in the table below:

	Level 1	Level 2	Level 3	Total balance
	TZS 'Millions	TZS 'Millions	TZS 'Millions	TZS 'Millions
<b>Year ended 31 December 2014</b>				
<b>Assets</b>				
Cash and balances with Bank of Tanzania	807,402	-	-	807,402
Placements and balances with other banks	140,908	-	-	140,908
Loans and advances to customers	-	2,007,389	-	2,007,389
Investment securities held-to-maturity	-	736,352	-	736,352
Equity investments	-	20,600	-	20,600
Other assets	-	34,881	-	34,881
<b>Total</b>	<b>948,310</b>	<b>2,799,222</b>	<b>-</b>	<b>3,747,532</b>
<b>Liabilities</b>				
Deposit due to other banks	-	5,244	-	5,244
Deposits from customers	-	3,006,640	-	3,006,640
Borrowing	-	204,095	-	204,095
Other liabilities	-	60,117	-	60,117
<b>Total</b>	<b>-</b>	<b>3,276,096</b>	<b>-</b>	<b>3,276,096</b>
<b>Year ended 31 December 2013</b>				
<b>Assets</b>				
Cash and balances with Bank of Tanzania	545,308	-	-	545,308
Placements and balances with other banks	153,377	-	-	153,377
Loans and advances to customers	-	1,614,292	-	1,614,292
Investment securities held-to-maturity	-	820,744	-	820,744
Equity investments	-	20,600	-	20,600
Other assets	-	29,580	-	29,580
<b>Total</b>	<b>698,685</b>	<b>2,485,216</b>	<b>-</b>	<b>3,183,901</b>
<b>Liabilities</b>				
Deposit due to other banks	-	6,080	-	6,080
Deposits from customers	-	2,582,625	-	2,582,625
Borrowing	-	160,811	-	160,811
Other liabilities	-	45,352	-	45,352
<b>Total</b>	<b>-</b>	<b>2,794,868</b>	<b>-</b>	<b>2,794,868</b>

Most of the financial assets and liabilities are short term in nature and those which are long term bear interest at prevailing market rate therefore the carrying amounts approximate fair value.

**6.5.2 Financial instruments not measured at fair value (continued)**

Placements and balances with other banks - The balance includes inter-bank placements, balances with other banks and items in the course of collection.

Loans and advances to customers - The balance is net of impairment charges and includes all products offered by the Bank such as MSE, SME, Salaried Workers Loan, Personal loans, Corporate term loans and Overdrafts.

Investment securities held-to-maturity - The balance consists of government securities such as Treasury bills and bonds. It also includes recapitalisation bonds issued by the Government at the time of establishing the Bank.

Investment securities available for sale - The balance includes treasury bonds.

Deposits from customers - The balance covers both retail and corporate customers. The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is the amount repayable on demand.

Deposits from banks - The balance includes inter-bank borrowings and deposits from other banks.

**6.6 Capital management**

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

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

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

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

- hold a minimum level of Core Capital of TZS 15 billion;
- maintain a ratio of core capital to the risk-weighted assets plus risk-weighted off balance sheet assets (the 'Baselratio') at or above the required minimum of 10%; and
- Maintain total capital of not less than 12% of risk-weighted assets plus risk-weighted off- balance sheet items.

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

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

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 2014 and year ended 31 December 2013. During those two periods, the Bank complied with all of the externally imposed capital requirements to which they are subject.

**6. FINANCIAL RISK MANAGEMENT (CONTINUED)****6.6 Capital management (continued)**

	Notes	2014 TZS' Millions	2013 TZS' Millions
<b>Tier 1 capital</b>			
Share capital		20,000	20,000
Retained earnings		547,289	436,666
Less: Prepaid expenses	23 (b)	(14,438)	(11,314)
Less: Intangible assets	25	(4,437)	(708)
Less: Deferred tax assets	26	(25,102)	(22,840)
<b>Total qualifying Tier 1 capital</b>		<b>523,312</b>	<b>421,804</b>
<b>Tier 2 capital</b>			
General provision (portfolio impairment)	6.1.5	21,244	21,325
Fair valuation reserve		(68)	-
<b>Total qualifying Tier 2 capital</b>		<b>21,176</b>	<b>21,325</b>
<b>Total regulatory capital</b>		<b>544,488</b>	<b>442,129</b>
<b>Risk-weighted assets</b>			
On-balance sheet		2,194,136	1,776,273
Off-balance sheet (Note		244,867	154,178
Market risk		6,099	5,424
<b>Total risk-weighted assets</b>		<b>2,445,102</b>	<b>1,935,875</b>
		<b>2014</b>	<b>2013</b>
	<b>Required ratio</b>	<b>Bank's ratio</b>	<b>Bank's ratio</b>
	(%)	(%)	(%)
Tier 1 capital	10	21	22
Tier 1 + Tier 2 capital	12	22	23

The increase of the regulatory capital in 2014 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 2014.

**7(a). INTEREST AND SIMILAR INCOME (GROUP)**

	2014 TZS' Millions	2013 TZS' Millions
Loans and advances to customers	303,314	246,632
Placements and balances with other banks	2,547	4,463
Government securities	110,629	104,591
	<b>416,490</b>	<b>355,686</b>

**7(b). INTEREST AND SIMILAR INCOME (BANK)**

Loans and advances to customers	304,427	246,632
Placements and balances with other banks	2,547	4,463
Government securities	110,629	104,591
	<b>417,603</b>	<b>355,686</b>

**8. INTEREST AND SIMILAR EXPENSES (GROUP AND BANK)**

Deposits from customers		
- Saving deposits	11,706	8,676
- Current accounts	4,847	6,381
- Time deposits	10,553	8,505
Deposits due to other banks	1,703	1,255
Borrowing	10,455	1,076
	<b>39,264</b>	<b>25,893</b>

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

<b>Fees and commission income</b>		
Credit related fees and commissions	34,478	28,047
Government service fees	4,000	4,572
Maintenance fees	17,897	17,778
Teller withdrawal fees	7,975	5,926
ATM fees and card issuing	22,072	20,907
Commission - mobile banking	5,458	5,215
Other fees	25,233	15,834
	<b>117,113</b>	<b>98,279</b>
<b>Fees and commission expense</b>		
Financial charges	(7,369)	(6,000)
	<b>109,744</b>	<b>92,279</b>

	2014 TZS' Millions	2013 TZS' Millions
<b>9(b). NET FEES AND COMMISSION INCOME (BANK)</b>		
<b>Fees and commission income</b>		
Credit related fees and commissions	34,514	28,047
Government service fees	4,000	4,572
Maintenance fees	17,897	17,778
Teller withdrawal fees	7,975	5,926
ATM fees and card issuing	22,072	20,907
Commission - mobile banking	5,458	5,215
Other fees	25,233	15,933
	<b>117,149</b>	<b>98,378</b>
<b>Fees and commission expense</b>		
Financial charges	(7,369)	(6,000)
	<b>109,780</b>	<b>92,378</b>
<b>10. FOREIGN EXCHANGE INCOME</b>		
Foreign currency trading	<b>GROUP AND BANK</b>	
	17,620	8,378
<b>11. OTHER INCOME</b>		
Miscellaneous income	8,890	6,522
Rental income	35	45
Profit on sale of property and equipment	325	79
	<b>9,250</b>	<b>6,646</b>
<b>12. EMPLOYEE BENEFIT EXPENSES</b>		
Salaries and allowances	77,543	63,991
Pension costs - defined contribution plan	10,009	8,515
Other emoluments	29,141	27,169
	<b>116,693</b>	<b>99,675</b>
<b>13 (a). GENERAL AND ADMINISTRATIVE EXPENSES (GROUP)</b>		
Administrative expenses	92,842	72,645
Management contract expenses	4,170	2,838
Travelling expenses	10,017	7,874
Repairs and maintenance	22,538	23,095
Auditors' remuneration	435	375
Directors' remuneration:		
-Fees	178	102
-Others	113	111
-Other expenses	7,261	1,182
	<b>137,554</b>	<b>108,222</b>

	2014 TZS' Millions	2013 TZS' Millions
<b>13(b). GENERAL AND ADMINISTRATIVE EXPENSES (BANK)</b>		
Administrative expenses	92,842	72,645
Management contract expenses	4,170	2,838
Travelling expenses	10,017	7,874
Repairs and maintenance	22,538	23,095
Auditors' remuneration	435	375
Directors' remuneration:		
-Fees	178	102
-Others	113	111
Other expenses	7,299	1,013
	<b>137,592</b>	<b>108,053</b>
<b>14. DEPRECIATION AND AMORTISATION</b>	<b>GROUP AND BANK</b>	
Depreciation of property and equipment (Note 24)	18,696	16,504
Amortization of intangible assets (Note 25)	760	1,066
	<b>19,456</b>	<b>17,570</b>
<b>15. CURRENT INCOME TAX</b>		
<b>a) Expense (GROUP AND BANK)</b>		
Tax expense for the year is arrived at as follows:		
Current income tax - current year	71,245	60,403
Current income tax - over/(under) provision in prior year	53	(1,300)
Deferred income tax - current year (Note 26)	(2,212)	(3,698)
Deferred income tax - under provision in prior year (Note 26)	(50)	(1,180)
	<b>69,036</b>	<b>54,225</b>
The tax on the Bank's profit differs from the theoretical amount that would arise using the statutory income tax rate as follows:		
Profit before income tax	224,659	188,131
Tax calculated at the statutory income tax rate of 30% (2013: 30%)	67,398	56,439
Tax effect of:		
Depreciation on non-qualifying assets	302	310
Expenses not deductible for tax purposes	1,333	(44)
Under/(over) provision of deferred tax and current income tax in prior year	3	(2,480)
<b>Income tax expense</b>	<b>69,036</b>	<b>54,225</b>
<b>(b) Tax recoverable/ (payable)</b>		
At start of the year	2,313	(6,015)
Current year tax expense	(71,298)	(59,103)
Tax paid	72,850	67,431
<b>Tax recoverable</b>	<b>3,865</b>	<b>2,313</b>

The subsidiaries were at loss position hence no tax liability (2013: nil).



**16(a). EARNINGS PER SHARE (GROUP)**

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

	2014 TZS' Millions	2013 TZS' Millions
Net profit attributable to shareholders	54,771	133,713
Weighted average number of shares in issue in millions (Note 31)	500	500
<b>Basic and diluted earnings per share</b>	<b>309.54</b>	<b>267.43</b>

**16(b). EARNINGS PER SHARE (BANK)**

	2014 TZS' Millions	2013 TZS' Millions
Net profit attributable to shareholders	155,555	133,906
Weighted average number of shares in issue in millions (Note 31)	500	500
<b>Basic and diluted earnings per share</b>	<b>311.11</b>	<b>267.81</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 104 per share, amounting to TZS 52,000 million out of 2014 profit. In 2013, dividend of TZS 90 per share, amounting to TZS 45,000 million was approved and paid.

**18. CASH AND BALANCES WITH BANK OF TANZANIA**

	2014 TZS' Millions	2013 TZS' Millions
<b>GROUP AND BANK</b>		
Cash in hand	207,987	218,133
Balances with Bank of Tanzania		
- local currency	183,28	13,895
- foreign currency	89,81	3,525
Statutory Minimum Reserves (SMR)	326,312	309,755
	<b>807,402</b>	<b>545,308</b>

The SMR deposit is not available to finance the Bank's day-to-day operations and is 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)**

	2014 TZS' Millions	2013 TZS' Millions
Placement with local banks	7,579	81,543
Balances with banks abroad	128,238	63,572
Cheques and items for clearing from other banks	5,091	8,262
	140,908	153,377
<b>Current</b>	<b>140,908</b>	<b>153,377</b>

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

**20. LOANS AND ADVANCES TO CUSTOMERS (GROUP AND BANK)**

	2014 TZS' Millions	2013 TZS' Millions
<b>Loans and advances to customers</b>		
<b>Retail customers</b>		
MSE customers	154,376	139,901
Consumer loans	1,154,053	892,249
	<b>1,308,429</b>	<b>1,032,150</b>
<b>Corporate Entities</b>		
Large Corporate Entities	337,704	243,646
SMEs	144,302	190,570
Overdrafts	256,331	186,063
	<b>738,337</b>	<b>620,279</b>
Gross loans and advances to customers	2,046,766	1,652,429
Less: allowance for impairment	(39,377)	(38,137)
<b>Net loans and advances to customers</b>	<b>2,007,389</b>	<b>1,614,292</b>
<b>Analysis of loans and advances to customers by maturity</b>		
Maturing:		
Within 1 year	687,146	593,408
Between 1 year and 5 years	1,171,385	883,883
Over 5 years	148,858	137,001
	<b>2,007,389</b>	<b>1,614,292</b>
The reconciliation of allowance account for losses on loans and advances to customers are as follows;		
Balance at 1 January	38,137	30,055
Increase in allowance for loan impairment	16,589	23,766
Write-offs	(15,349)	(15,684)
<b>At 31 December</b>	<b>39,377</b>	<b>38,137</b>

The loan and advances to customers balance for the Group of TZS 1,986 billion excludes loan of TZS 21.2 billion advanced to Upanga Joint Venture Company Limited a subsidiary of the Bank. The loan was neither past due nor impaired.

**21(a). INVESTMENT SECURITIES HELD-TO-MATURITY**

	GROUP AND BANK	
	2014 TZS' Millions	2013 TZS' Millions
<b>Treasury Bills and Bonds:</b>		
Maturing within 91 days	191,728	190,235
Maturing after 91 days	517,649	603,534
	<b>709,377</b>	<b>793,769</b>
Recapitalisation bond		
Maturing within 91 days	1,300	-
Maturing after 91 days	25,675	26,975
	<b>736,352</b>	<b>820,744</b>
Current	710,677	793,769
Non-current	25,675	26,975
	<b>736,352</b>	<b>820,744</b>

Interest on recapitalisation bond is received semi-annually at a variable rate of 12.6% maximum and a minimum of 7% computed as a weighted average of interest rate on Treasury Bills over the last six months. Treasury bills and bonds are debt securities issued by the Government of the United Republic of Tanzania at an effective rate 14.2% of (2013: 13.2%).

There are no investment securities pledged as collateral for borrowing. The movement in investment securities may be summarized as follows:

	GROUP AND BANK	
	2014 TZS' Millions	2013 TZS' Millions
<b>At 1 January</b>	820,744	617,347
Additions	482,670	609,636
Matured securities	(567,062)	(406,239)
<b>At 31 December</b>	<b>736,352</b>	<b>820,744</b>

**21(b). INVESTMENT SECURITIES AVAILABLE FOR SALE**

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

<b>At 1 January</b>	-	-
Additions	842	-
Loss on fair valuation of securities	(68)	-
<b>At 31 December</b>	<b>774</b>	<b>-</b>

**22(a). EQUITY INVESTMENTS (GROUP)****Investment at available for sale**

Company name	2014 TZS' Millions	% Shareholding	2013 TZS' Millions	% Shareholding
Tanzania Mortgage Refinance Company Ltd (TMRC)	18,860	15.06	1,740	15.06

TMRC is a private company and there is no quoted market price available for the shares. The Group has applied fair value measurement through equity method to account for the investment.

**22(b). EQUITY INVESTMENTS (BANK)**

The Bank has equity investments in three companies shown below.

Company name	2014 TZS' Millions	2013 TZS' Millions
Upanga Joint Venture Company Limited	10,630	10,630
Ohio Street Properties Limited	8,230	8,230
Tanzania Mortgage Refinance Company Ltd	1,740	1,740
	<b>20,600</b>	<b>20,600</b>

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

All the subsidiary companies are at operational stage.

Company name	2014 TZS' Millions	% Shareholding	2013 TZS' Millions	% Shareholding
Upanga Joint Venture Company Limited	10,630	32.64	10,630	32.64
Ohio Street Properties Limited	8,230	50.00	8,230	50.00
	<b>18,860</b>		<b>18,860</b>	

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

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

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

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

Set out below are the summarised financial information for each of the two subsidiaries, Ohio Street Properties Limited ("OSP Limited") and Upanga Joint Venture Company Limited ("UJVC Limited").

**Summarised statement of financial position**

	OSP LIMITED		UJVC LIMITED	
	2014 TZS Millions	2013 TZS Millions	2014 TZS Millions	2013 TZS Millions
Current				
Total current assets	20	25	8,499	9,502
Current liabilities	(7)	(7)	(157)	(504)
Total net current assets	13	18	8,342	8,998
Non-Current				
Assets	16,308	16,308	40,848	28,929
Liabilities	-	-	(21,227)	(7,935)
Total non-current net assets	16,308	16,308	19,621	20,994
<b>Total net assets</b>	<b>16,321</b>	<b>16,326</b>	<b>27,963</b>	<b>29,992</b>

**Summarised Statement of comprehensive income**

	OSP LIMITED		UJVC LIMITED	
	2014 TZS Millions	2013 TZS Millions	2014 TZS Millions	2013 TZS Millions
Revenue	-	-	776	-
Finance costs	-	-	(1,119)	-
Administrative expenses	(5)	(4)	(25)	165
Operating expenses	-	-	(274)	99
Loss on foreign exchange	-	-	(741)	-
Tax expense	-	-	-	-
Loss after tax	(5)	(4)	(1,383)	(264)
<b>Allocated to Non- Controlling interest</b>	<b>(3)</b>	<b>(2)</b>	<b>(324)</b>	<b>(73)</b>

**Summarised Cash flows**

	OSP LIMITED		UJVC LIMITED	
	2014 TZS Millions	2013 TZS Millions	2014 TZS Millions	2013 TZS Millions
Net cash used in operations	(5)	-	(4,906)	(600)
Net cash used in Investing activities	-	(4,769)	(11,919)	(12,132)
Net cash generated from financing activities	-	4,770	13,217	15,678
Net (decrease)/ increase in cash and cash equivalents	(5)	1	(3,608)	2,946
Cash and cash equivalents at start of the year	24	23	4,655	1,709
<b>Cash and cash equivalents at end of the year</b>	<b>19</b>	<b>24</b>	<b>1,047</b>	<b>4,655</b>

**22(b). EQUITY INVESTMENTS (BANK) (CONTINUED)****(ii) Investment at Available for sale**

Company name	2014 TZS' Millions	% Shareholding	2013 TZS' Millions	% Shareholding
Tanzania Mortgage Refinance Company Ltd	1,740	15.06	1,740	15.06

**23(a). OTHER ASSETS (GROUP)**

	2014 TZS Millions	2013 TZS Millions
Service fees receivable	3,893	1,861
Prepayments	14,439	11,314
Other receivables	36,867	32,566
Staff imprest	38	111
Less: impairment provision for other receivables	(6)	(104)
	<b>55,231</b>	<b>45,748</b>
The movement in provision for impairment of other receivables is as follows:		
At start of the year	(104)	(379)
Release of provision	98	275
<b>At end of the year</b>	<b>(6)</b>	<b>(104)</b>

**23(b). OTHER ASSETS (BANK)**

Service fees receivable	3,893	1,861
Prepayments	14,438	11,314
Other receivables	30,956	27,712
Staff imprest	38	111
Less: impairment provision for other receivables	(6)	(104)
	<b>49,319</b>	<b>40,894</b>
The movement in provision for impairment of other receivables is as follows:		
At start of the year	(104)	(379)
Release of provision	98	275
<b>At end of the year</b>	<b>(6)</b>	<b>(104)</b>



## 24(a). PROPERTY AND EQUIPMENT (GROUP)

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

## 24(a). PROPERTY AND EQUIPMENT (GROUP) (CONTINUED)

Year ended 31 December 2013	Owned building TZS' Millions	Leasehold improvement TZS' Millions	Motor vehicles TZS' Millions	Computers, furniture and equipm ent TZS' Millions	Capital work in progress TZS' Millions	Total TZS' Millions
<b>COST</b>						
At 1 January 2013	24,645	15,577	5,049	70,306	20,000	135,577
Additions	65	-	364	6,539	27,717	34,685
Transfer from WIP	3,060	5,166	2,165	4,176	(14,567)	-
Transfer to intangible assets	-	-	-	-	(310)	(310)
Adjustments	(13,990)	13,990	-	-	-	-
Disposal	-	-	(297)	(4,350)	-	(4,647)
<b>At 31 December 2013</b>	<b>13,780</b>	<b>34,733</b>	<b>7,281</b>	<b>76,671</b>	<b>32,840</b>	<b>165,305</b>
<b>DEPRECIATION</b>						
At 1 January 2013	7,545	7,025	3,556	47,135	-	65,261
Charge for the year	1,542	2,690	988	11,284	-	16,504
Adjustment	(7,149)	7,149	-	-	-	-
Eliminated on disposal	-	-	(270)	(4,230)	-	(4,500)
<b>At 31 December 2013</b>	<b>1,938</b>	<b>16,864</b>	<b>4,274</b>	<b>54,189</b>	<b>-</b>	<b>77,265</b>
<b>NET BOOK VALUE</b>						
<b>At 31 December 2013</b>	<b>11,842</b>	<b>17,869</b>	<b>3,007</b>	<b>22,482</b>	<b>32,840</b>	<b>88,040</b>

## 24(b). PROPERTY AND EQUIPMENT (BANK)

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

**24(b). PROPERTY AND EQUIPMENT (BANK) (CONTINUED)**

Year ended 31 December 2013	Owned building TZS' Millions	Owned building TZS' Millions	Motor vehicles TZS' Millions	Computers, furniture and equipment TZS' Millions	Capital work in progress TZS' Millions	Total TZS' Millions
<b>COST</b>						
At 1 January 2013	24,645	15,577	5,049	70,306	4,254	119,831
Additions	65	-	364	6,539	14,533	21,501
Transfer from WIP	3,060	5,166	2,165	4,176	(14,567)	-
Transfer to intangible assets	-	-	-	-	(310)	(310)
Adjustments	(13,990)	13,990	-	-	-	-
Disposal	-	-	(297)	(4,350)	-	(4,647)
<b>At 31 December 2013</b>	<b>13,780</b>	<b>34,733</b>	<b>7,281</b>	<b>76,671</b>	<b>3,910</b>	<b>136,375</b>
<b>DEPRECIATION</b>						
At 1 January 2013	7,545	7,025	3,556	47,135	-	65,261
Charge for the year	1,542	2,690	988	11,284	-	16,504
Adjustment	(7,149)	7,149	-	-	-	-
Eliminated on disposal	-	-	(270)	(4,230)	-	(4,500)
<b>At 31 December 2013</b>	<b>1,938</b>	<b>16,864</b>	<b>4,274</b>	<b>54,189</b>	<b>-</b>	<b>77,265</b>
<b>NET BOOK VALUE</b>						
<b>At 31 December 2013</b>	<b>11,842</b>	<b>17,869</b>	<b>3,007</b>	<b>22,482</b>	<b>3,910</b>	<b>59,110</b>

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

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

**25. INTANGIBLE ASSETS**

GROUP AND BANK Computer Software		
	2014 TZS Millions	2013 TZS Millions
<b>Movement during the year</b>		
At start of the year	708	1,226
Additions	311	238
Transfer from WIP (Note 24)	4,178	310
Amortization	(760)	(1,066)
<b>At end of year</b>	<b>4,437</b>	<b>708</b>
<b>At 31 December</b>		
Cost	16,914	12,425
Accumulated amortization	(12,477)	(11,717)
<b>Net book value</b>	<b>4,437</b>	<b>708</b>

**26. DEFERRED INCOME TAX (GROUP AND BANK)**

Deferred income tax is calculated on all temporary differences under the liability method using a principal tax rate of 30%. The movement on the deferred income tax account is as follows:

	2014 TZS Millions	2014 TZS Millions
At start of year	22,840	17,962
Credit to profit or loss:		
Deferred income tax-current year (Note 15(a))	2,212	3,698
Under provision in prior year (Note 15(a))	50	1,180
<b>At the end of year</b>	<b>25,102</b>	<b>22,840</b>

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

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

	1 January 2013 TZS' Millions	Credited to profit or loss TZS' Millions	31 December 2013 TZS' Millions
<b>Deferred income tax asset</b>			
Property and equipment	4,635	605	5,240
Provisions	13,327	4,273	17,600
	<b>17,962</b>	<b>4,878</b>	<b>22,840</b>

**27(a). DEPOSITS FROM CUSTOMERS (GROUP)**

Deposits due to customers are composed of the following:

	2014 TZS' Millions	2013 TZS' Millions
Current accounts	1,318,928	1,313,982
Personal accounts	1,383,298	1,191,448
Time deposit accounts	303,359	72,516
	<b>3,005,585</b>	<b>2,577,946</b>

**27(b). DEPOSITS FROM CUSTOMERS (BANK)**

Current accounts	1,319,983	1,318,661
Personal accounts	1,383,298	1,191,448
Time deposit accounts	303,359	72,516
	<b>3,006,640</b>	<b>2,582,625</b>

**28(a). OTHER LIABILITIES (GROUP)**

Accrued expenses	30,086	23,820
Refundable deposits	1,800	6,119
Bills payable	3,099	3,054
Sundry liabilities	57,499	38,631
	<b>92,484</b>	<b>71,624</b>

**28(b). OTHER LIABILITIES (BANK)**

Accrued expenses	30,862	23,820
Refundable deposits	1,800	6,119
Bills payable	3,099	3,054
Sundry liabilities	58,482	37,561
	<b>94,243</b>	<b>70,554</b>

**29. PROVISIONS**

	GROUP AND BANK	
Provision for losses from legal cases	4,552	3,450

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 2014.

**30. BORROWINGS**

Borrowings	201,072	159,737
Interest	3,023	1,074
	<b>204,095</b>	<b>160,811</b>

**30. BORROWINGS (CONTINUED)****(i) European Investment Bank loan**

As at 31 December 2014 the Bank had a borrowing balance from EIB of TZS 29,439 million (2013: TZS 56,582 million) being accumulation of TZS loans payable semiannually within four to six years at effective interest rate of 8.94% (2013: 9.07%). The Bank also borrowed from EIB US dollars. As at 31 December 2014, the balance of USD 11 million (2013: Nil) equivalent to (TZS 58,923 million: 2013 Nil) being accumulation of various USD loans payable over a period of four to seven years at a floating rate based on 6 months LIBOR rate. The effective interest rate of the loan during the year was 3.2%. The loans were taken for the purpose of better Asset Liability management. The loans are unsecured.

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

The Bank received a loan from FMO in 2013 of USD 65 million with semi-annual repayments. The loan has a floating rate interest rate based on one year LIBOR rate. The effective interest rate is 3.7%. The loan was taken for the purpose of better Asset Liability management. The loan is unsecured. As at 31 December 2014 the balance was USD 65 million (equivalent of TZS 112,710 million; 2013: 103,155 million).

**31. CAPITAL AND RESERVES****(i) Share capital Authorised**

625,000,000 ordinary shares of TZS 40 each

**Called up and fully paid**

500,000,000 ordinary shares of TZS 40 each

	2014 TZS' Millions	2013 TZS' Millions
	25,000	25,000
	20,000	20,000
	<b>20,000</b>	<b>20,000</b>

**(ii) Retained earnings**

Retained earnings consist of undistributed profits from previous years.

**(iii) Regulatory reserve**

Regulatory reserve represents an amount set aside to cover additional provision for loan losses required in order to comply with the requirements of the Bank of Tanzania. This reserve is not available for distribution.

**(iv) Fair valuation reserve**

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



**(iv) Fair valuation reserve (continued)**

Movement in fair valuation reserve is as follows;

	2014 TZS Millions	2014 TZS Millions
At 1 January	-	-
Decrease during the year	(68)	-
At 31 December	<b>(68)</b>	-

**32. CASH AND CASH EQUIVALENTS**

GROUP AND BANK		
	2014 TZS Millions	2014 TZS Millions
Cash and balances with Bank of Tanzania (Note 18)	807,402	545,308
Less: Statutory Minimum Reserves (Note 18)	(326,312)	(309,755)
Placement and balances with other banks (Note 19)	140,908	153,377
	<b>621,998</b>	<b>388,930</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(a). NOTES TO THE STATEMENT OF CASH FLOWS (GROUP)**

	Notes	2014 TZS Millions	2013 TZS Millions
<b>Operating activities</b>			
Profit before taxation		223,548	187,863
Adjustment for:			
Depreciation and amortization	14	19,456	17,570
Gain on disposal of fixed assets	11	(325)	(153)
		242,679	205,280
Movement in working capital:			
Increase in Statutory Minimum Reserve		(16,557)	(55,178)
Decrease in government securities		84,392	(203,397)
Increase in available for sale government securities	21 (b)	(842)	-
- Increase in loans and advances to customers		(379,805)	(260,425)
- Increase in other assets		(9,483)	(23,704)
- Increase in deposits from customers		427,639	289,872
Decrease in loans received from other banks		(836)	(66,577)
Increase in other liabilities		20,860	3,875
Increase in provisions	29	1,102	1,578
<b>Cash generated from/ (used in) operations</b>		<b>369,149</b>	<b>(108,676)</b>

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

<b>Operating activities</b>			
Profit before taxation		224,659	188,131
Adjustment for:			
Depreciation and amortization	14	19,45	17,570
Gain on disposal of fixed assets	11	(325)	(153)
Movement in working capital:		243,790	205,548
Increase in Statutory Minimum Reserve		(16,557)	(55,178)
Decrease in held-to-maturity government securities		84,392	(203,397)
Increase in available for sale government securities		(842)	-
Increase in loans and advances to customers		(393,097)	(268,360)
Increase in other assets		(8,425)	(21,385)
Increase in deposits from customers		424,015	292,646
Decrease in loans received from other banks		(836)	(66,577)
Increase in other liabilities		23,689	1,959
Increase in provisions	29	1,102	1,578
<b>Cash generated from/(used in) operations</b>		<b>357,231</b>	<b>(113,166)</b>

**34(a). FINANCIAL INSTRUMENTS BY CATEGORY (GROUP)**

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

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

	Loans and receivables	Held to maturity	Available for sale	Total
31 December 2013	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions
<b>Financial assets</b>				
Cash and balances with Bank of Tanzania	545,308	-	-	545,308
Investment securities held-to-maturity	-	820,744	-	820,744
Placement and balances with other banks	153,377	-	-	153,377
Loans and advances to customers	1,606,357	-	-	1,606,357
Available for sale investment	-	-	1,740	1,740
Other assets (Excluding prepayment)*	29,580	-	-	29,580
	<b>2,334,622</b>	<b>820,744</b>	<b>1,740</b>	<b>3,157,106</b>

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

	Financial liabilities at amortised cost TZS' Millions
<b>Financial liabilities</b>	
Deposits from customers	2,582,625
Deposits due to other banks	6,080
Borrowing	160,886
Other liabilities (Excluding non-financial other liabilities)**	46,422
	<b>2,796,013</b>

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

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

**34(b). FINANCIAL INSTRUMENTS BY CATEGORY (BANK)**

	Loans and receivables	Held to maturity	Available for sale	Total
31 December 2014	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions
<b>Financial assets</b>				
Cash and balances with Bank of Tanzania	807,402	-	-	807,402
Investment securities held-to-maturity	-	736,352	-	736,352
Investment securities available for sale	-	774	-	774
Placement and balances with other banks	140,908	-	-	140,908
Loans and advances to customers	2,007,389	-	-	2,007,389
Available for sale investment	-	-	1,740	1,740
Other assets (Excluding prepayment)*	34,881	-	-	34,881
	<b>2,990,580</b>	<b>737,126</b>	<b>1,740</b>	<b>3,729,446</b>

	Financial liabilities at amortised cost TZS' Millions
<b>Financial liabilities</b>	
Deposits from customers	3,006,640
Deposits from banks	5,244
Borrowings	204,095
Other liabilities (Excluding non-financial other liabilities)**	60,117
	<b>3,276,096</b>

**34(b). FINANCIAL INSTRUMENTS BY CATEGORY (BANK) (CONTINUED)**

	Loans and receivables	Held to maturity	Available for sale	Total
31 December 2013	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions
<b>Financial assets</b>				
Cash and balances with Bank of Tanzania	545,308	-	-	545,308
Investment securities held-to-maturity	-	820,744	-	820,744
Placement and balances with other banks	153,377	-	-	153,377
Loans and advances to customers	1,614,292	-	-	1,614,292
Equity investments	-	-	1,740	1,740
Other assets (excluding prepayment)*	29,580	-	-	29,580
	<b>2,342,557</b>	<b>820,744</b>	<b>1,740</b>	<b>3,165,041</b>
				Financial liabilities at amortised cost TZS' Millions
<b>Financial liabilities</b>				
Deposits from customers				2,582,625
Deposits due to banks				6,080
Borrowing				160,811
Other liabilities (excluding non-financial other liabilities)**				45,352
				<b>2,794,868</b>

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

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

**35. CONTINGENT LIABILITIES AND COMMITMENTS****(a) Loan commitments guarantee and other financial facilities**

In common with other banks, the Bank conducts business involving acceptances, letters of credit, guarantees, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties.

As at 31 December 2014, 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:-

	2014 TZS Millions	2013 TZS Millions
<i>Commitments</i>		
Guarantees and Indemnities	10,017	4,468
Undrawn Commitments	113,405	76,490
Acceptances and letters of credit	135,985	73,220
	<b>259,407</b>	<b>154,178</b>

**(a) Loan commitments guarantee and other financial facilities (continued)***Acceptances and letters of credit*

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Bank expects most acceptances to be presented, and reimbursement by the customer is normally immediate. Letters of credit commit the Bank to make payments to third parties, on production of documents, which are subsequently reimbursed by customers.

**(b) Legal claims**

Various employees have sued the Bank for unfair dismissal. Furthermore, various loan customers are suing the Bank. With an exception of amounts disclosed in Note 29, the amounts claimed in both situations are not material and professional advice indicates that it is unlikely that any significant loss will arise.

**(c) Capital commitments**

As at 31 December 2014, the Bank had capital commitments of TZS 66,096 million (2013: TZS 67,479 million) in respect of new branches, branch remodeling, equipment and information technology. The expenditure contracted as at the end of reporting period but not yet incurred is as follows:

	2014 TZS Millions	2013 TZS Millions
Information technology	36,674	28,613
New branches	1,632	5,292
Branch and business centers remodeling	10,418	24,960
Others including equipment, vehicles and furniture	17,372	8,614
	<b>66,096</b>	<b>67,479</b>

The Bank's management is confident that future net revenues and funding will be sufficient to cover this commitment.

**35. CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)****Operating lease commitments**

Where the Bank is the lessee, the future minimum lease payments under non-cancellable operating leases are as follows:-

	2014 TZS Millions	2013 TZS Millions
Not later than 1 year	4,785	8,001
Later than 1 year and no later than 5 years	15,208	6,046
Later than 5 years	11,627	12,758
<b>Total</b>	<b>31,620</b>	<b>26,805</b>

**36. EFFECTIVE INTEREST RATES OF FINANCIAL ASSETS AND LIABILITIES**

The effective interest rates for the principal financial assets and liabilities at 31 December 2014 and 2013 were as follows:

	2014 TZS Millions	2013 TZS Millions
Government securities	14.2%	13.2%
Deposits with banking institutions	2.9%	2.9%
Loans and advances to customers	16.3%	14.5%
Customer deposits	1.0%	0.3%
Deposits from banks	2.6%	2.6%

**37. RELATED PARTY TRANSACTIONS**

A number of banking transactions are entered into with related parties in the normal course of business. These include loans, deposits and foreign currency transactions.

The volumes of related party transactions, outstanding balances at year end, and relating expense and income for the year are as follows:

**37. RELATED PARTY TRANSACTIONS (CONTINUED)****(a) Loans and advances to related parties**

At 31 December 2014 there were no loans issued to companies controlled by the Directors or their families. Advances to customers at 31 December 2014 include loans to key management personnel as follows:

	Key management personnel		Related companies	
	2014 TZS' Millions	2013 TZS' Millions	2014 TZS' Millions	2013 TZS' Millions
At start of year	1,085	830	7,935	-
Advanced during the year	370	320	13,393	7,935
Repaid during the year	(263)	(65)	-	-
<b>At end of year</b>	<b>1,192</b>	<b>1,085</b>	<b>21,328</b>	<b>7,935</b>
<b>Interest income earned</b>	<b>101</b>	<b>52</b>	<b>399</b>	<b>114</b>

No provisions have been recognised in respect of loans given to related parties (2013: 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.

**(b) Deposits from related parties**

	Directors and key management personnel		Related companies	
	2014 TZS' Millions	2013 TZS' Millions	2014 TZS' Millions	2013 TZS' Millions
Deposits at the beginning of the year	10	23	7,503	52,063
Deposits received during the year	1,491	830	27,757	932,110
Deposits repaid during the year	(1,196)	(843)	(30,543)	(976,670)
<b>Deposits as at the end of the year</b>	<b>305</b>	<b>10</b>	<b>4,717</b>	<b>7,503</b>
<b>Interest expense</b>	<b>5</b>	<b>-</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 are Rabobank, Upanga Joint Venture Company Limited and Ohio Street Properties Limited.



**37. RELATED PARTY TRANSACTIONS (CONTINUED)****(c) Key management compensation**

	2014 TZS' Millions	2013 TZS' Millions
Salaries and other short-term benefits	1,370	1,016
Post-employment benefits – defined contribution plan	206	152
	<b>1,576</b>	<b>1,168</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 are included in the management service contract highlighted in part (d) below and therefore excluded in the above benefits.

**(d) Transactions and balances with Rabobank**

Based on the management service contract approved by the Board, a total of TZS 4,170 million (2013: TZS 2,838 million) was paid to Rabobank during the year as management and technical assistance expenses. Management fees payable as at year end was TZS 1,366 million (2013: TZS 1,424 million).

Nostro balances with Rabobank at year end amounted to TZS 29,697 million (2013: TZS 17,202 million). There was no inter-bank balance due to Rabobank as at year end. The Bank incurred expenses amounting to TZS 80.7 million (2013: TZS 600.3 million) refundable from Rabobank.

**(e) Transactions and balances with Government of Tanzania**

The Government of Tanzania owns 31.8% (2013: 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 737,126 million (2013: TZS 820,744 million). The Bank also accepts deposits from various Government institutions and agencies which do not attract interest.

**(f) Directors' remuneration**

Fees and other emoluments paid to Directors of the Bank during the period amounted to TZS 291 million (2013: TZS 213 millions). Directors' attendance and remuneration list for the year 2014 is shown in the table below:-

DIRECTORS WAKURUGENZI	BOARD MEETING KAMATI YA BODI	BHR & RC KAMATI YA BODI YA RASILIMALI WATU	BARCC KAMATI YA BODI YA UKAGUZI NA USIMA- MIZI	BCC KAMATI YA BODI YA MIKO- PO	BEC KAMATI YA BODI YA DHARURA	14TH AGM MKUTANO MKUU WA 14 WA WA- NAHISA	OFFSITE MEETING MKUTANO NJE YA OFISI	TRAININGS & ADHOC MEETINGS MAFUNZO NA VIKAO NJE YA KAMATI	DIRECTORS FEE & REMUNERATION IN (TZS) 2014 MALIPO KWA WA KURUGENZI WA BODI KWA MWAKA 2014 (TZS)
Prof. Joseph Semboja	6	-	-	-	-	1	1	4	22,400,000
Mr. Albert Jonkergouw	7	4	-	9	-	1	1	-	26,950,000
Mr. Jos Van Lange	6	-	4	-	-	-	1	-	20,800,000
Mr. Protase Tehingisa	7	4	-	10	-	1	1	1	27,850,000
Mrs. Margaret Ikongo	7	4	-	-	-	1	1	1	22,850,000
Mr. William Mlaki	7	-	4	10	-	1	1	2	28,800,000
Mr. Mike Laiser	7	4	4	-	-	1	1	2	25,500,000
Mrs. Anne Mbughuni	7	-	4	8	-	1	1	1	27,400,000
Mr. Mark Wiessing	6	3	3	8	-	1	1	-	Not applicable

**38. EVENTS AFTER THE REPORTING PERIOD**

There were no events after the reporting period that had material impact to the consolidated and Bank financial statements.

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## Introduction

NMB's vision is to be the preferred financial services partner in Tanzania. Its main goal is the realisation of customer value. As a strategic objective, NMB aims for market leadership in Tanzania. NMB acts responsibly in the development of sustainable economic development. Its employees are a critical success factor to realise its ambitions.

Taking risks is inherent to these activities. The level of risk NMB is willing to take –its risk appetite- is determined by the management and endorsed by the board, which also assumes responsibility to manage these risks through the Board Audit, Risk and Compliance Committee and through The Board Credit Committee. The risk appetite statement sets out principles, objectives and measurements to utilise NMB's costly and scarce resources: its balance sheet, its capital and its reputation. The focus of the risk appetite statement is on credit risk, operational risk and market risk.

Continuity is a key objective for NMB. To guarantee this continuity, financial stability and a strong reputation are a prerequisite. NMB avoids risks which might endanger continuity or damage its business model. NMB has a tradition and culture of prudent risk policies. It is risk aware and utilises its scarce resources carefully and economically. This prudence is applied in making strategic decisions and executing them.

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

## Risk Management Framework

### Strategic framework

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

### Risk strategy

NMB desires to keep its strong and robust financials in order to safeguard its sustainability. Therefore, it does not wish to

## Utangulizi

Dira ya NMB ni kuwa mshirika wa huduma za kifedha anayependelewa zaidi nchini kwa kujali zaidi thamani ya mteja. NMB katika malengo yake ya kimkakati ni kuwa kinara ukilinganisha na taasisi zingine za kifedha. NMB inafanya kazi zake kwa kuzingatia uwajibikaji katika kuchangia maendeleo endelevu. Wafanyakazi wa benki wamekuwa ni nyenzo muhimu katika kufikia matamano ya benki.

Kuchukua tahadhari ni jambo linaloenda sambamba na shughuli hizi. Kiwango cha tahadhari ambacho NMB iko radhi kuchukua kwaajili ya kukabiliana na athari huamuliwa na uongozi wa NMB na kuidhinishwa na Bodi, ambayo pia huchukua jukumu la kusimamia athari zinazoweza kupatikana kupitia vyombo kama bodi ya uchunguzi (Board Audit), Risk and Compliance Committee na pia kupitia kwenye Board Credit Committee. Tamko la utayari wa kukabili athari limeweka kanuni, malengo na vipimo vya namna ya kutumia rasilimali za NMB yaani mizania yake, mtaji wake na sifa yake. Mwelekeo na utayari wa benki kukabili athari za mikopo na utendaji katika masoko.

Mwendelezo ni lengo kuu kwa NMB. Ili kuhakikisha kwamba mwendelezo huu unakuwepo, utengemano wa kifedha, na sifa imara ni mahitaji muhimu. NMB inaepuka majanga ambayo yanaweza kuhatarisha mwendelezo au kuharibu sifa yake ya kibiashara. NMB ina desuri na utamaduni wa sera za majanga angalifu. NMB inao uelewa juu ya majanga na inatumia rasilimali zake adimu kwa makini na angalifu katika matumizi. Busara hii hutumika katika kufanya maamuzi ya kimkakati na kuyatekeleza.

NMB inalenga katika kuwa na kiwango kidogo cha majanga. Matokeo mazuri ya kifedha ya kutabirika na yasiyobadilika pamoja na uwiano thabiti wa mizania ni muhimu katika kufikia azma hii, ambayo pamoja na mambo mengine inaelezewa katika malengo ya juu kwa Daraja la Kwanza (Tier - 1) la uwiano wa mtaji. Ili kudumisha sifa yake kunahitaji uangalifu, udhibiti imara na vitendo vya haraka juu ya dosari zozote. Kiwango kidogo cha majanga lazima kichangie katika mapato makubwa na imara. Uimara huu unatakiwa kukuzwa na udhibiti katika kuzuia majanga, ikipunguza uwezekano wa kutokea hasara za kiutendaji. Kitakachochangia pia katika jambo hili ni kuweka baadhi ya michakato ya huduma za ndani (back-office) zenye kiwango kikubwa cha majanga kwa utaratibu wa pamoja (centralisation) na hasa maeneo ya mikopo.

## Mfumo wa Usimamizi wa Majanga

### Mfumo wa Kimkakati

Mfumo wa kimkakati wa NMB unaongozwa na maadili pamoja na dhima yetu ambayo ni kuwa mtoaji wa huduma za kifedha anayopendelewa katika Tanzania mijini na vijijini.

### Mkakati wa Majanga

NMB inatamani kuendelea kuwa na masuala ya kifedha yenye nguvu na imara ili kuweza kulinda uendelevu wake. Kwa sababu hiyo haihitaji kuingia kwenye majanga, ambayo

enter into risks which, within reasonable expectation, could endanger this.

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

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

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

### Selective Risk Acceptance

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

### Risk Management and Measurement

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

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

The MD, CRO and the rest of the Management Team are assisted by key advisory and governance committees such as the Loan Portfolio Quality Committee, Management Audit Risk & Compliance Committee, Asset and Liabilities Committee (ALCO), Product Approval Committee (PAC), Operational Risk Committee (OPSCO) and Credit Committees (CREDCO) to effectively implement the Bank's

katika matarajio ya kawaida yanaweza kuhatarisha jambo hili.

NMB ina mkakati wa majanga ambao unalenga katika uendelevu wenye kujikita kwenye:

- kulinda utambulisho na heshima yake
- kulinda faida na ukuaji wa faida
- kudumisha uimara wa uwiano wa mizania

Maeneo haya matatu yanayolengwa katika mkakati wa majanga si maeneo yanayosimama peke yake, lakini yana hali imara ya kutegemeana na maeneo mengine. Sifa ni muhimu katika kudumisha imani ya wateja na wawekezaji na hivyo ni muhimu katika kudumisha wiano nzuri za mizania. Wiano imara za mizania zitasababisha kusaidia hali ya kupata faida, imani na sifa nzuri.

### Kukubalika kwa baadhi ya Athari

Katika kuendeleza au kubuni bidhaa na shughuli mpya wakati wote NMB huingatia maslahi ya wateja, pamoja na kulinda sifa ya NMB, na kuepuka hasara kubwa. Kuidhinishwa kwa bidhaa mpya kunaweza kutolewa tu na Kamati ya Kuidhinisha Bidhaa (Product Approval Committee). NMB katika kuendesha shughuli zake ina uelewa kamilifu juu ya wajibu wake wa kifedha kwa wateja wake. NMB inadai kwa ukamilifu juu ya utekelezaji wa Know Your Customer (KYC) kwa kumuelewa vizuri kila mteja, kuanzia pale ambapo mteja anafungua akaunti hadi pale anapoanza kutumia huduma nyingine za kibenki ikiwa ni pamoja na mikopo. Miamala inafuatiliwa ili kutekeleza miongozo na kanuni za Anti-Money Laundering (AML).

### Usimamizi na Upimaji wa Majanga

Ndani ya NMB njia ya Enterprise Risk Management (ERM) inatumika kwa upana sana kusimamia na kupunguza makali ya majanga ya aina mbalimbali ya kiutendaji katika kiwango cha uvumilivu kinachokubalika. Lazima izingatiwe kwamba mchakato umetengenezwa kwa ajili ya kusimamia, badala ya kuondoa, hatari ya kushindwa kufikia malengo ya kibiashara, na mchakato huu unaweza tu kuhakikisha upotevu wa kawaida wa mali na siyo upotevu kamilifu.

Katika kiwango cha juu, Bodi ya Wakurugenzi inatambua wajibu wao wa jumla katika mchakato wa kusimamia majanga, ikiwa ni pamoja na kufanya mapitio ya ufanisi wa mchakato huu. Bodi huidhinisha utayali wa kukabiliana na majanga, mkakati wa majanga, na sera ya majanga pamoja na ukomo ulioko ndani yake.

Mkurugenzi Mtendaji (MD), Afisa Mkuu wa Athari (CRO) na timu nzima ya menejimenti wakiwa wanasaidiwa na kamati muhimu za ushauri na utawala kama vile Loan Portfolio Quality Committee, Management Audit Risk & Compliance Committee, Asset and Liabilities Committee (ALCO), Product Approval Committee (PAC), Operational Risk Committee (OPSCO) na Credit Committees (CREDCO) katika kutekeleza sera na taratibu za Benki za usimamizi wa majanga.



Risk Management Policies and Procedures. The Board, through the BARCC periodically reviews and evaluates the activities and effectiveness of the Bank's Overall Risk Management Function.

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

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

#### Key System Developments in 2014

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

Moreover, the NMB Loan Centre, dealing with the centralised monitoring and collection from Retail Loans, is in full swing. The Loan Centre is expected to receive additional duties, also other types of loans, in 2015.

Bodi kupitia BARCC kupitia na kutathmini kila baada ya kipindi fulani shughuli na ufanisi wa shughuli za kusimamia majanga.

Afisa Mkuu wa Majanga (CRO) ana wajibu katika utekelezaji wa kila siku wa sera ya majanga ndani ya NMB, pamoja na utendaji sahihi wa Independent Risk Management Function wa Benki ambayo huainisha, kufuatilia, kupima na kutoa taarifa juu ya majanga ya kiutendaji ikiwa ni pamoja na Majanga ya Mikopo, Majanga ya Kiutendaji, Uidhinishaji wa Bidhaa, Majanga ya Ikibali, Majanga ya Ukwasi, na Majanga ya Masoko. Njia zote za kibiashara NMB zinahusika binafsi katika kufuatilia na kupunguza makali ya majanga ya utendaji kazi wao, na Independent Risk Management Function inahusika binafsi katika kukagua ufanisi wa utaratibu wao wa kudhibiti majanga. Shughuli ya kibiashara husika ndiyo muhusika wa majanga katika eneo lake, wakati ambapo shughuli ya majanga linatumika kama njia ya pili ya kujihami na Internal Audit ya Benki hutumika kama njia ya tatu ya kujihami.

Katika usimamizi wa majanga, majanga huainishwa kwa usahihi, kufanyiwa tathmini na kusimamiwa, kwa kuzingatia mahusiano kati ya majanga. Mchakato huu hufanya kwa uendeleu. Katika mfumo huu, ukadiriaji binafsi wa majanga hufanyika katika hali ya kujirudiarudia. Ukadiriaji wa majanga huzingatia mambo yote mawili - uwezekano wa tukio kujirudia, pamoja na athari ambayo ingeletwa na janga hilo endapo mojawapo ya matukio hayo yangetokea.

#### Maendeleo ya Mfumo Muhimu Mwaka 2014

Ili kuendeleza michakato ya misaada, vitendea kazi vichache pamoja na jitihada zilitumika kwa kuzingatia kuendeleza uimarishaji ulinzi na kupunguza makali ya baadhi ya majanga. Timu ya kusimamia majanga ilitengeneza kitendea kazi kilichotumika katika kutoa maamuzi papo kwa papo juu ya mikopo kwa mikopo midogo midogo (credit scoring). Kitendea kazi hiki sasa hivi inatumika kikamilifu katika mtandao wa matawi yote ya NMB, na inaweza kupanuliwa matumizi yake hadi kwenye aina nyingine ya mikopo pia.

Zaidi ya hayo, kituo cha mikopo cha NMB, ambacho kinashughulika na utaratibu wa pamoja wa ufuatiliaji wa makusanyo kutoka kwa mikopo ya mtu mmoja mmoja (Retail Loans) kinafanya kazi kikamilifu. Kituo cha mikopo kinatarajia kupokea shughuli za ziada, pamoja na aina nyingine za mikopo kwa mwaka 2015.

**Mark Wiessing**  
Managing Director



Managing Director – Mark Wiessing joined NMB in December 2010 as CEO and in 2014, his title was changed to Managing Director. He was the CEO of Zambia National Commercial Bank PLC (Zanaco) from 2007 to 2010. He previously held senior positions at Standard Bank of SA Ltd, Citibank and ING Bank with postings in a number of emerging markets in Africa, Asia, Eastern Europe and Latin America. Mr. Wiessing holds an MBA from the University of Georgia, USA.

Bwana Mark Wiessing alijiunga na NMB mwezi Disemba 2010 kama Afisa Mkuu Mtendaji na mwaka 2014 cheo chake kilibadilika kuwa Mkurugenzi Mtendaji. Alikuwa Afisa Mkuu Mtendaji wa Benki ya Taifa ya Biashara ya Zambia (ZANACO) kutoka mwaka 2007 hadi mwaka 2010. Pia aliwahi kushika nafasi za juu kwenye Standard Bank of SA Ltd, Citibank na katika ING Bank. Alishika nafasi mbalimbali katika nchi zinazoendelea za Afrika, Asia, Ulaya Masharika, na Amerika ya Kusini. Bwana Wiessing alipata Shahada ya Uzamili ya Usimamizi wa biashara (MBA) kutoka Chuo Kikuu cha Georgia, nchini Marekani.



**Waziri Barnabas**  
Chief Financial Officer

Waziri Barnabas is the CFO of NMB. He has over twenty years of financial experience. Before joining NMB he headed the Finance Department at Barclays Bank Tanzania Limited and before that he was the Head of Business Finance at Standard Chartered Bank Tanzania Limited. Mr. Barnabas holds a Bachelor of Commerce (Accountancy) degree from the University of Dar es Salaam and is a Certified Public Accountant.

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



**Arjan Molenkamp**  
Chief Retail Banking



Arjan Molenkamp joined NMB as CRB in January 2010. He was formerly the Director of Retail at Zanaco from March 2007. He has over 22 years banking experience and has worked with Rabobank in various positions since 1999. He previously also worked with Credit Lyonnais Bank and Fortis Bank. Mr. Molenkamp holds an Executive MBA in General Management from Erasmus University in the Netherlands.

Arjan Molenkamp alijiunga NMB kama Afisa Mkuu Muendeshaaji tangu Januari 2010. Kabla alikuwa Mkurugenzi wa Biashara Ndogo (Retail Banking) katika benki ya ZANACO kutoka Machi 2007. Ana uzoefu mkubwa katika maswala ya benki na amefanya na Rabobank katika ngazi mbalimbali tangu mwaka 1999. Pia alifanya kazi Credit Lyonnais Bank kwa miaka minne. Bwana Molenkamp alipata Shahada yake ya Uzamili ya Uongozi wa Biashara (Executive MBA) kutoka Erasmus University, Uholanzi.





**Charles Kazuka**  
Chief Human  
Resources Officer

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

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



**Augustino Mbogella**  
Chief Internal Auditor



Augustino Mbogella has over 18 years' experience of practice, training and consulting in internal audit, risk management and governance matters in East Africa and is a member of several professional association's boards and committees both locally and internationally. Previously he worked with PWC and East African Development Bank. He is a Certified Internal Auditor (CIA), Certified Control Self Assessments (CCSA) professional and Fellow Certified Public Accountant (FCPA). He holds an MBA from ESAMI and Maastricht School of Management and a B.Com (Accounting) degree from the University of Dar es salaam.

Augustino Mbogella ana uzoefu wa zaidi ya miaka 18 ya utendaji, ukufunzi na ushauri katika mambo ya ukaguzi wa ndani, usimamizi wa tahadhari and masuala ya utawala bora Afrika Mashariki na ni mwanachama na mjumbe wa Bodi na Kamati mbalimbali za taasisi za kitaalamu ndani na nje ya nchi. Amewahi kufanya kazi kwenye kampuni ya ukaguzi wa nje ya PWC na benki ya maendeleo ya Afrika Mashariki. ni Mkaguzi wa Ndani aliyedhibitishwa (CIA), pia ni Mwanataaluma mchambuzi wa mfumo ya uthibiti (CCSA) na ni Mwanachama wa Wahasibu Waliodhibitishwa (FCPA). Ana shahada ya juu ya Biashara (MBA) toka Chuo Kikuu cha ESAMI na Chuo Kikuu cha Maastricht na shahada ya Biashara (Uhasibu) ya Chuo Kikuu cha Dar es salaam.



**Aziz Chacha**  
Treasurer

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

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



**Richard Makungwa**  
Chief Wholesale  
Banking



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

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



**Pete Novat**  
Chief Operating  
Officer

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

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



**Tom Borghols**  
Chief Risk Officer



Tom Borghols joined NMB in 2013 as a Chief Risk Officer. He is responsible of Credits; Special Assets; Operational, Market, IT and Fraud Risk and Compliance. He also heads the recently established Loan Centre where the centralised processing of loans takes place. Tom has over 30 years banking experience having worked with ABN AMRO Bank, Fortis Bank and Rabobank. Over the course of 30 years' experience, he has held positions in the commercial and in the risk area, both in corporate and in retail banking. Working his way up from Relationship Manager to Branch Manager and Country Manager, Tom started his career in his native Netherlands and moved to Curacao in the Caribbean, and then to Kenya, Rwanda and Zambia. He worked with the Bank Populaire du Rwanda, thereafter was appointed to position of Director Risk at Zambia National Commercial Bank (ZANACO). Tom holds a Masters Degree in International Law.

Tom Borghols alijiunga na NMB mwaka 2013 kama Afisa Mkuu Udhibiti wa Hasara. Ana wajibu kwenye Mikopo, Raslimali Maalum, Operesheni, Masoko, TEHAMA na Hatari ya Uhalifu na Uzingatiaji Sheria. Pia anaongoza Kituo cha Mikopo kilichoanzishwa hivi karibuni ambapo mchakato wa kutayarisha mikopo yote unafanyika. Tom ana zaidi ya miaka 30 ya kufanya kazi katika benki, amefanya kazi na Benki ya ABN AMRO, Benki ya Fortis na Rabobank. Amewahi kushika nafasi mbalimbali kwenye maeneo ya biashara na udhibiti wa hasara, kwenye upande wa kuhudumia wateja wakubwa na wateja wa reja. Alianzia ngazi ya Meneja Mahusiano akapanda mpaka Meneja wa Tawi na baadae Meneja Nchi. Tom alianza shughuli za kibenki kwenye nchi yake ya asili ya Uholanzi baadaye akahamia Curacao kwenye Visiwa vya Caribbean, kabla ya kwenda Kenya, Rwanda na Zambia. Alifanya kazi na Bank Populaire du Rwanda, na baadae kuteuliwa kama Mkurugenzi wa Udhibiti wa Athari wa Zambia National Commercial Bank (ZANACO). Tom ana shahada ya Uzamili ya Sheria za Kimataifa (International Law).







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## Key Management Committees

### Executive Management Team

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

### Assets & Liabilities Committee

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

### Credit Committees (Loan Portfolio Quality, Wholesale and Retail)

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

### Management Risk and Compliance Committee

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

### Management Human Resources Disciplinary Committee

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

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

### Management Tender Committee (MTC)

The objective of the Management Tender Committee (MTC) is to review, consider and approve all purchases made above the amount of TZS 100 Million.

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

## Kamati za Menejimenti

### Kamati ya Utendaji

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

### Kamati ya Mali na Dhima

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

### Kamati ya Mikopo (Ubora wa Mikopo mikubwa ya Jumla na Midogo)

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

### Kamati ya Usimamizi Athari na Utilifu

Lengo la kamati ya usimamizi wa athari na utilifu ni kuhakikisha kuwa maeneo yote yenye athari kubwa kwa mujibu wa wadhibiti, watilifu wa athari na ripoti za wakaguzi yanashughulikiwa kwa muda muafaka ili kuboresha usimamizi wa athari zinazoweza kutokea kwenye benki.

### Kamati ya Nidhamu ya Rasilimali Watu

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

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

### Kamati ya Usimamizi wa Zabuni

Lengo la Kamati ya Usimamizi wa Zabuni ni kupitia, kutathmini na kupitisha manunuzi yote ya zaidi ya shilingi milioni 100.

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

**Operational Risk Committee**

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

**Product and Processes Approval Committee**

The objective of the Product Approval Committee is to review and approve the commissioning or deployment of a new product and new operational processes.

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

**Projects Committee**

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

**Kamati ya Tahadhari za Kiutendaji**

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

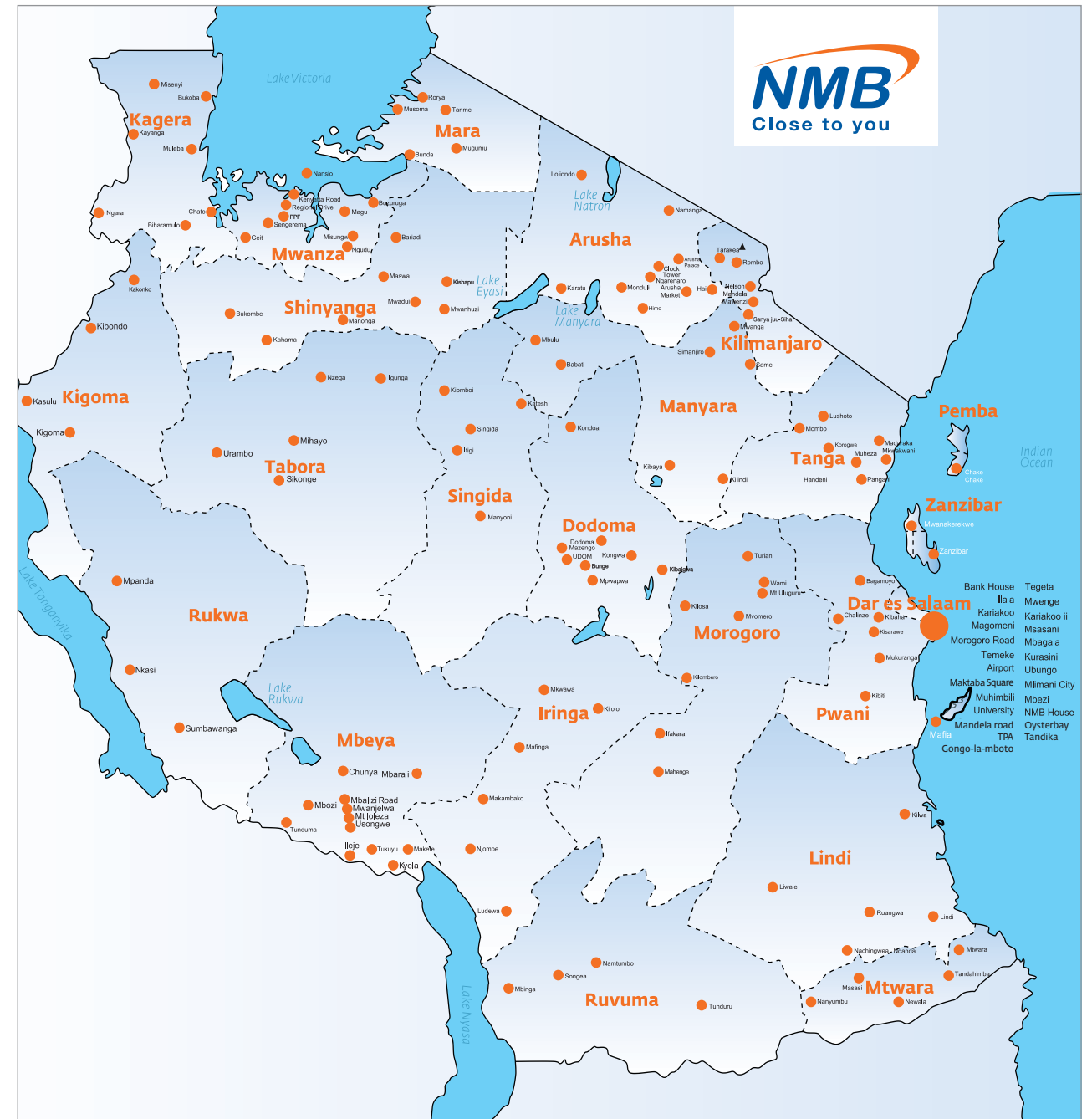
**Kamati ya Kupitisha Huduma na Taratibu za Kibenki**

Lengo la Kamati ya Kupitisha Huduma na Taratibu za Kibenki ni kupitia na kupitisha uanzishaji wa huduma mpya na taratibu zake za uendeshaji.

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

**Kamati ya Miradi**

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



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## NOTICE OF THE 15th ANNUAL GENERAL MEETING OF THE MEMBERS OF NATIONAL MICROFINANCE BANK (NMB) PLC

Notice is hereby given that the 15th Annual General Meeting of NMB shareholders will be held at the Julius Nyerere International Convention Centre in Dar es Salaam on Saturday, 6th June, 2015 at 10.00 a.m. The agenda will be as follows:

- |       |   |
|-------|---|
| 15.1  | NOTICE AND QUORUM   |
| 15.2  | ADOPTION OF THE AGENDA  |
| 15.3  | CONFIRMATION OF THE MINUTES OF THE 14TH ANNUAL GENERAL MEETING HELD ON 6TH JUNE 2014                                    |
| 15.4  | MATTERS ARISING FROM THE PREVIOUS MINUTES   |
| 15.5  | TO RECEIVE, CONSIDER AND ADOPT THE DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS FOR YEAR ENDED 31st DECEMBER 2014 |
| 15.6  | DIVIDEND DECLARATION FOR THE FINANCIAL YEAR 2014  |
| 15.7  | TO RECEIVE AND APPROVE THE PROPOSAL FOR DIRECTORS' REMUNERATION   |
| 15.8  | RESIGNATION AND APPOINTMENT OF DIRECTORS  |
| 15.9  | TO RECEIVE AND APPROVE APPOINTMENT OF EXTERNAL AUDITORS FOR THE FINANCIAL YEAR 2015                                     |
| 15.10 | ANY OTHER BUSINESS  |

## TAARIFA YA MKUTANO MKUU WA 14 WA WANAHISA WABENKI YA NATIONAL MICROFINANCE BANK (NMB) PLC

Taarifa inatolewa kwamba Mkutano Mkuu wa 15 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 6, 2015. Agenda itakuwa kama ifuatavyo:


- |       |  |
|-------|--|
| 15.1  | MATANGAZO NA AKIDI   |
| 15.2  | KUPITISHA AJENDA ZA MKUTANO  |
| 15.3  | KUTHIBITISHA KUMBUKUMBU ZA MKUTANO MKUU WA 14 ULIOFANYIKA TAREHE 6 JUNI 2014                                 |
| 15.4  | YATOKANAYO NA MKUTANO WA 14 WA WANAHISA  |
| 15.5  | KUPOKEA, KUJADILI NA KUPITISHA RIPOTI YA WAKURUGENZI NA TAARIFA ZA FEDHA KWA MWAKA ULIOISHIA 31 DESEMBA 2014 |
| 15.6  | KUIDHINISHA GAWIO KWA MWAKA UNAOISHIA 31 DESEMBA 2014  |
| 15.7  | KUPOKEA NA KUIDHINISHA MALIPO YA WAKURUGENZI   |
| 15.8  | KUTEUA WAKURUGENZI   |
| 15.9  | KUPOKEA NA KUTHIBITISHA UTEUZI WA WAKAGUZI WA HESABU KWA MWAKA UNAOMALIZIKA 31 DESEMBA 2015                  |
| 15.10 | MENGINEYO  |

## IMPORTANT NOTES:

- Members wishing to attend the meeting must come with one of the following: a copy of his/her depository receipt, passport, voters ID card, or bank card.
- A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his/her behalf in accordance with the provisions of the Articles of the Company. The proxy form must be deposited at the registered office of the company not later than 10.00 am Friday, 5th June 2015.
- Members wishing to attend the meeting will have to attend at their own cost. Copies of annual report and proxy forms will be available in NMB branches.
- Directors propose payment of a dividend of TZS 104 per share, amounting to TZS 52 billion out of 2014 profit. In 2013, a dividend of TZS 90 per share, amounting to TZS 45 billion was approved and paid.

Date of announcement of results:	8th May 2015
Shares trading cum div:	8th May 2015
Last day of trading cum-dividend:	27th May 2015
Shares start trading ex-div:	28th May 2015
Register Closing Date (Books Closure Date)	1st June 2015
Payment of dividend:	on or about 17th June 2015

By order of the Board.

  
**Lilian R. Komwihangiro**  
 Company Secretary  
 May 11th, 2015

## MAELEZO MUHIMU:

- 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.
- Mjumbe anayeruhusiwa kuhudhuria na kupiga kura kwenye Mkutano anaruhusiwa kuchagua mwakilishi kuhudhuria na kupiga kura kwa niaba yake kwa kufuata /kuzingatia taratibu na Sheria za Kampuni kama zilivyorekebisha. Fomu ya uwakilishi lazima iwasilishwe kwenye ofisi iliyosajiliwa ya Kampuni kabla ya saa 4 asubuhi Ijumaa ya tarehe 5 Juni 2015.
- Mwanachama anayetarajia kuhudhuria kikao atatakiwa kuhudhuria kwa gharama zake mwenyewe. Nakala za taarifa ya mwaka na fomu za mwakilishi zitapatikana matawini.
- Wakurugenzi wamependekeza ulipwaji wa gawio la shilingi 104 kwa kila hisa, inayoleta jumla ya shilingi 52 bilioni kutokana na faida ya mwaka 2014. Mwaka 2013, gawio lilikuwa ni shilingi 90 kwa kila hisa, lililoleta jumla ya shilingi 45 bilioni zilizopitishwa na kulipwa.

Tarehe za kuzingatia:

Tarehe ya tangazo:	8 Mei 2015
Hisa kuuzwa pamoja na gawio :	8 Mei 2015
Mwisho wa hisa kuuzwa pamoja na gawio :	27 Mei 2015
Hisa kuanza kuuzwa bila gawio:	8 Mei 2015
Daftari la wanahisa kufungwa:	1 Juni 2015
Malipo ya gawio kwa wanahisa:	kuanzia tarehe 17 Juni 2015

Kwa amri ya Bodi ya Wakurugenzi,

  
**Lilian R. Komwihangiro**  
 Katibu wa Kampuni  
 11 Mei 2015



## PROXY

TO:

**The Company Secretary**  
**National Microfinance Bank**  
**PLC**  
**NMB House**  
**Azikiwe/Jamhuri Streets**  
**P.O. Box 9213**  
**Dar es Salaam**

I/We, \_\_\_\_\_ of \_\_\_\_\_  
 being a fully paid up  
 member/members of the NATIONAL MICROFINANCE BANK PLC and entitled to vote, hereby  
 appoint \_\_\_\_\_ of \_\_\_\_\_  
 as my/our proxy, to vote for me/us and on my/our behalf at the 15th ANNUAL GENERAL MEETING of the Company to be held at  
 the Julius Nyerere Convention Centre in Dar es Salaam on Saturday, 6th June 2015, and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015

Signature(s) of member (s) \_\_\_\_\_

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

## UWAKILISHI

TO:

**The Company Secretary**  
**National Microfinance Bank PLC**  
**NMB House**  
**Azikiwe/Jamhuri 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 TANO WA MWAKA wa kampuni  
 utakaofanyika kwenye ukumbi wa Julius Nyerere Convention Centre, Dar es Salaam siku ya Jumamosi tarehe 6 Juni 2014, hata  
 katika kuahirishwa kwake.

Imesainiwa tarehe \_\_\_\_\_ siku ya \_\_\_\_\_ 2015

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.*

## Company Information

## Taarifa za Kampuni

### Registered Office

National Microfinance Bank Plc  
 NMB House  
 Azikiwe/Jamhuri Streets  
 P.O. Box 9213  
 Dar es Salaam

### Company Secretary & Legal Counsel

Lilian R. Komwihangiro  
 National Microfinance Bank Plc – 5th Floor  
 NMB House  
 Azikiwe/Jamhuri Streets  
 P.O. Box 9213  
 Dar es Salaam

### Auditors

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

### Ofisi iliyosajiliwa

National Microfinance Bank Plc  
 NMB House  
 Azikiwe/Jamhuri Streets  
 S.L.P 9213  
 Dar es Salaam

### Katibu wa Kampuni na Mwanasheria wa Benki

Lilian R. Komwihangiro  
 National Microfinance Bank Plc – Ghorofa ya 5  
 NMB House  
 Mtaa wa Azikiwe/Jamhuri  
 S.L.P 9213  
 Dar es Salaam

### Wakaguzi

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

## Finally home!

The new NMB HQ will begin operation from June 2015





## Key Company Contacts

## Anuani Muhimu

### Head Office

P.O. Box 9213, Dar es salaam  
Tel: (Direct): 022 2161000  
Tel: (General): 022 2161000

### Wholesale Banking

Government Business	Institutional Banking	Transactional Banking	Corporate Banking
P.O. Box 9213, Dar es salaam Tel: (Direct): 022 2161157 Tel: (General): 022 2127362	P.O. Box 4887, Dar es salaam Tel: (Direct): 022 2161000 Tel: (General): 022 2161378 Fax: 022 21244841	P.O. Box 4887, Dar es salaam Tel: (Direct): 022 2161000 Tel: (General): 022 2161010 Fax: 022 2124841	P.O. Box 4887, Dar es salaam Tel: (Direct): 022 2161000 Tel: (General): 022 2161026 Fax: 022 2124841

### Retail Banking

Business Banking	Personal Banking	Alternative Channels
P.O. Box 4887, Dar es salaam Tel: (Direct): 022 2161164 Tel: (General): 022 2161255 Fax: 022 2124841	P.O. Box 4887, Dar es salaam Tel: (Direct): 022 2161000 Tel: (General): 022 2161450/1192 Fax: 022 2124841	P.O. Box 4887, Dar es salaam Tel: (Direct): 022 2161000 Tel: (General): 022 2161437 Fax: 022 2124841

### Treasury

Foreign Exchange	Money Markets
P.O. Box 4887, Dar es salaam Tel: (Direct): 022 2161257 Tel: (General): 022 2161000	P.O. Box 4887, Dar es salaam Tel: (Direct): 022 2161254 Tel: (General): 022 2161255 Fax: 022 2161255

### Zones

Dar es Salaam Zonal Office	Central Zonal Office	Eastern Zonal Office	Highland Zonal Office
Ofisi ya Kanda ya Dar es Salaam P.O. Box 4887, Dar es salaam Tel: (Direct): 022 2128684 Tel: (General): 022 2128685 Fax: 022 2128687	Ofisi ya Kanda ya Kati P.O. Box 888, Dodoma Tel: (Direct): 026 2322117 Tel: (General): 026 2322260 Fax: 026 2321835	Ofisi ya Kanda ya Mashariki P.O. Box 1066, Morogoro Tel: (Direct): 023 2613479 Tel: (General): 023 2613511 Fax: 023 2613600	Ofisi ya Kanda ya Nyanda za Juu P.O. Box 792, Mbeya Tel: (Direct): 025 2502527 Tel: (General): 025 2504347 Fax: 025 2502853
Lake Zonal Office	Northern Zonal Office	Southern Zonal Office	Western Zonal Office
Ofisi ya Kanda ya Kanda ya Ziwa P.O. Box 1580, Mwanza Tel: (Direct): 028 2501050 Tel: (General): 028 2500867 Fax: 028 2500691	Ofisi ya Kanda ya Kaskazini P.O. Box 1256, Arusha Tel: (Direct): 027 2508079 Tel: (General): 027 2508516 Fax: 027 2548275	Ofisi ya Kanda ya Kusini P.O. Box 625, Mtwara Tel: (Direct): 023 2333329 Tel: (General): 023 2334020 Fax: 023 2333667	Ofisi ya Kanda ya Magharibi P.O. Box 681, Tabora Tel: (Direct): 026 2606423 Tel: (General): 026 2606424 Fax: 026 2606425



### UPDATING OF CONTACT AND BANK DETAILS OF NMB SHAREHOLDERS

NMB would like to inform its shareholders that it has stopped processing dividend payments by using cheque. We are requesting all shareholders who have not updated their contact and banking details to do so at head office or at their nearest NMB branch.

This notice is only for the NMB shareholders who are new, changed their contacts and/or banking details, who have not received any dividends since they bought shares in 2008 or have missed some dividend payments.

Please visit your nearest NMB branch or head office to collect dividend mandate form. They should be submitted to the Customer Service Manager or sent by e-mail or post to:

**National Microfinance Bank Plc**  
**Dividend Unit – Head Office**  
**P O Box 9213**  
**Dar es Salaam, Tanzania**  
**Attention: Head of Finance**  
**E-mail: dividend\_unit@nmbtz.com**

For further information please call:  
+255 (0) 22 216 1440/+255 (0) 22 216 1689/  
+255 (0) 22 216 1258.

### MABOresho ya Mawasiliano na Vielelezo vya Kibenki kwa Wanahisa wa NMB

NMB inapenda kuwataarifu wanahisa wake kwamba imesitisha mchakato wa malipo ya hundi kwa magawio. Hivyo tunaomba wanahisa wote ambao hawajawasilisha maelezo ya mawasiliano yao na vielelezo vyao vya akaunti za benki zao kufanya hivyo kupitia makao makuu na matawi ya NMB yaliyopo nchini kote.

Hii ni kwa ajili ya wanahisa wapya wa NMB, wale waliobadilisha maelezo ya mawasiliano au akaunti zao za benki, wale ambao hawajapata gawio lolote tangu wanunue hisa mwaka 2008 na wale waliopata baadhi ya magawio.

Tafadhali fika katika tawi la NMB lililo karibu nawe au makao makuu na jaza fomu husika ya gawio la mwanahisa (dividend mandate form) na iwasilishe kwa Meneja wa Huduma kwa wateja. Pia unaweza kutuma barua au barua pepe katika anwani zifuatazo:

**National Microfinance Bank Plc**  
**Dividend Unit – Head Office**  
**P O Box 9213**  
**Dar es Salaam, Tanzania**  
**Attention: Head of Finance**  
**Barua pepe: dividend\_unit@nmbtz.com**

Kwa maelezo zaidi piga simu namba:  
+255 (0) 22 216 1440/+255 (0) 22 216 1689/  
+255 (0) 22 216 1258.

## Whistle Blowing

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

1. Through NMB website <http://www.nmbtz.com>
2. You can confidentially send your concerns to the Managing Director (MD):

### By post:

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

NMB Head Office,  
P. O. Box 9213,  
Azikiwe/Jamhuri Street,  
Dar es Salaam, Tanzania.

3. **Through Email:** [whistleblowing@nmbtz.com](mailto:whistleblowing@nmbtz.com)

4. **By calling the following Toll Free Phone Numbers, for those who would wish to call:**

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

## Kutoa Taarifa

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

1. Kupitia tovuti ya NMB <http://www.nmbtz.com>
2. Unaweza kutuma maelezo yako kwa siri kwa Mkurugenzi Mtendaji:

### Kwa Posta:

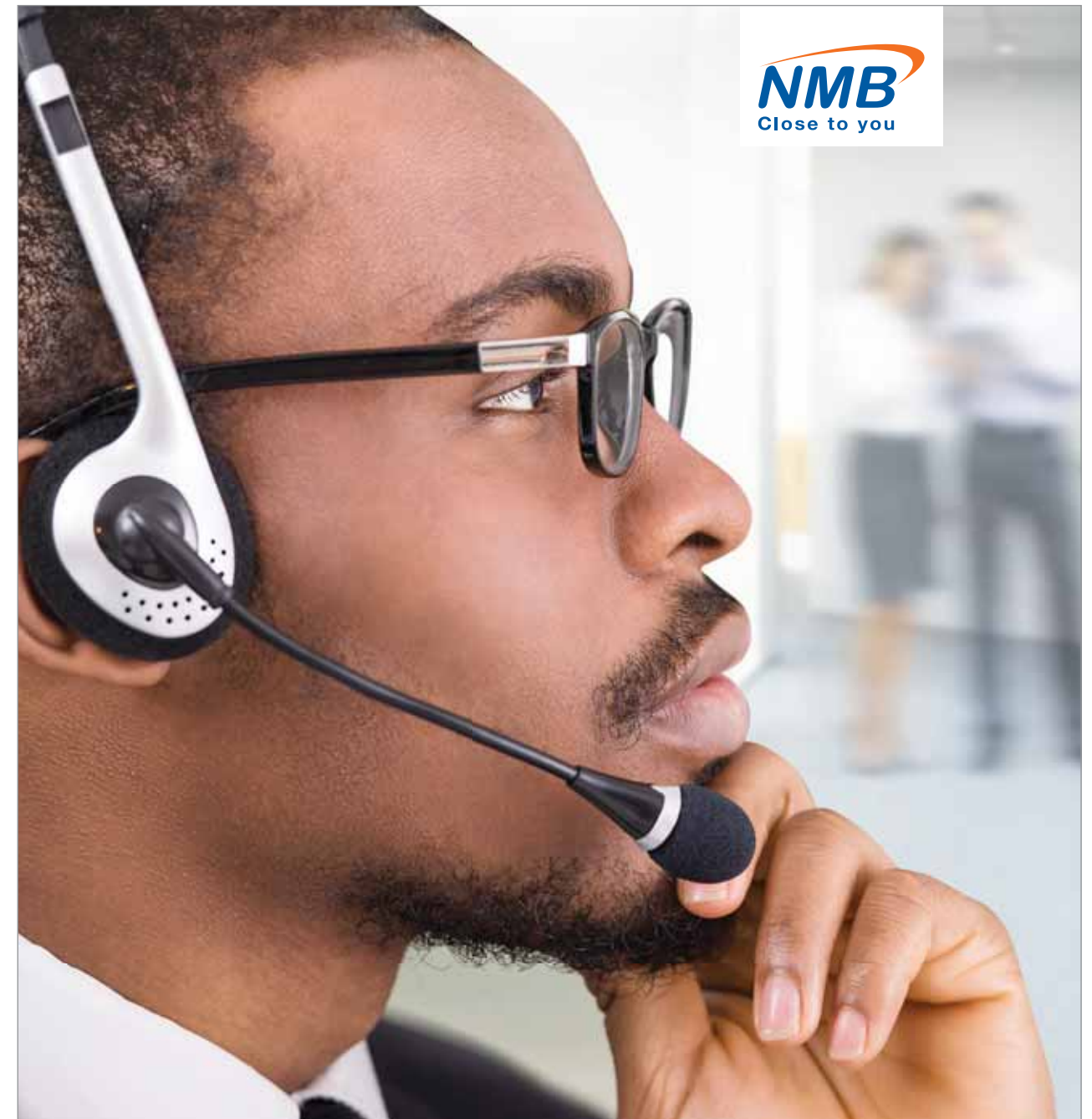
Ionwe na: Mkurugenzi Mtendaji [bahasha iandikwe "Binafsi na Siri"]

NMB Makao Makuu,  
S.L.P 9213,  
Mtaa wa Azikiwe/Jamhuri,  
Dar es Salaam, Tanzania.

3. **Kupitia barua pepe:** [whistleblowing@nmbtz.com](mailto:whistleblowing@nmbtz.com)

4. **Kwa kupiga 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



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[www.nmbtz.com](http://www.nmbtz.com)







National Microfinance Bank Plc  
NMB House, Azikiwe/Jamhuri Streets  
P.O. Box 9213, Dar es Salaam, Tanzania

[www.nmbtz.com](http://www.nmbtz.com)