

National Microfinance Bank PLC

# Annual Report

# 2011



National Microfinance Bank PLC

Annual Report

2011





Welcome to **NMB**

## Our Vision

To be the preferred financial services partner in Tanzania

## 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 Values

Eagerness

Customer focus

Integrity

Ownership

Teamwork

Compliance

# Table of Contents

---

Vision, Mission and Values .....	2
Feature of NMB Results .....	5
Board of Directors .....	10
Executive Management & Key Management Committees.....	12
NMB Value Added Statement .....	17
Chairman's Report .....	20
Chief Executive Officer's Report .....	22
Seven year financial review .....	31
Corporate Governance .....	32
Report of Directors .....	38
Statement of Director's Responsibilities .....	46
Auditor's Report .....	47
Notice of the 12 <sup>th</sup> Annual General Meeting .....	102
Risk Report .....	106
History and Ownership .....	108
Key Departments At NMB Head Office .....	113
NMB Directory .....	114

# Features of NMB Results

## Key Figures for the Financial Year 2011

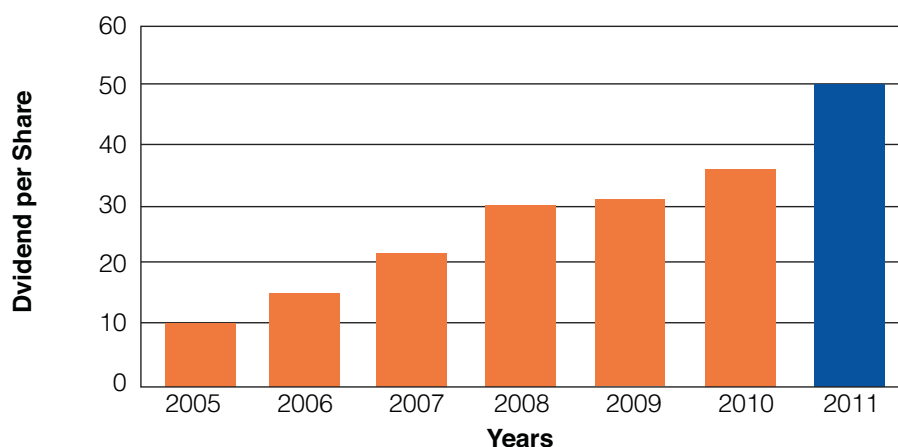
		2008	2009	2010	2011
<b>Profitability</b>					
Total Income	Tzs Million	154,470	167,933	199,999	266,594
Operating expenses	Tzs Million	77,313	92,870	119,880	152,056
Tax	Tzs Million	22,228	20,488	24,464	30,947
Net profit	Tzs Million	48,707	47,550	53,981	71,839
Dividend per share	Tzs per share	30	31	36	50
Cost income ratio	%	50%	55%	60%	57.04%
<b>Solvency</b>					
Total Assets	Tzs Million	1,384,268	1,669,333	2,110,903	2,170,250
Tier 1 capital	Tzs Million	151,888	187,804	225,638	227,435
RWA	Tzs Million	542,420	792,186	960,418	1,273,282
Tier 1 Ratio	%	28.00%	23.71%	23.49%	22%
<b>Other</b>					
Customers		1,073,465	1,424,015	1,583,918	1,803,203
Branches		125	134	139	140
ATMs		167	281	345	416
Cards		728,250	846,483	1,193,964	1,349,829
Staff		2,039	2,478	2,610	2,650

Selected ratios		2008	2009	2010	2011
Return on average shareholders' equity	%	35%	27%	23%	28%
Return on average assets	%	4%	3%	3%	3%
Cost to income ratio	%	50%	55%	60%	57%
Capital adequacy ratio	%	28%	24%	23%	22%
Dividend per share	TZS	30	31	36	50

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

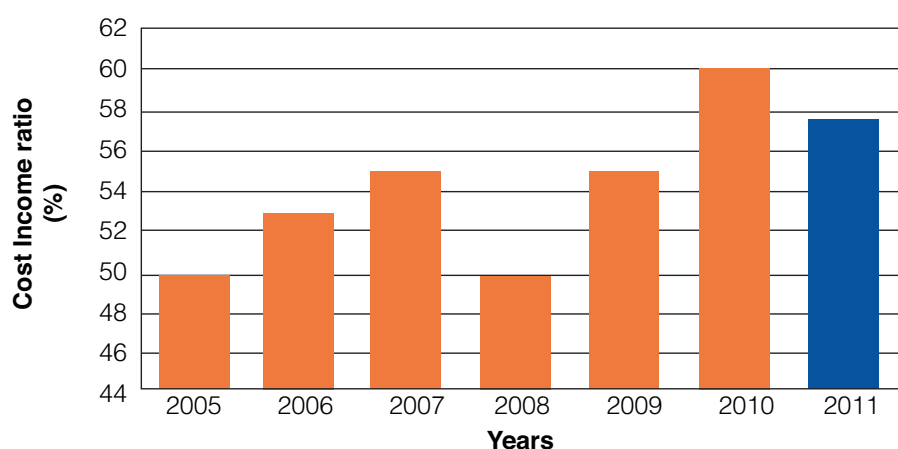
## Dividend per share

Dividend per Share	
Years	Dividend
2005	10
2006	15
2007	22
2008	30
2009	31
2010	36
2011	50

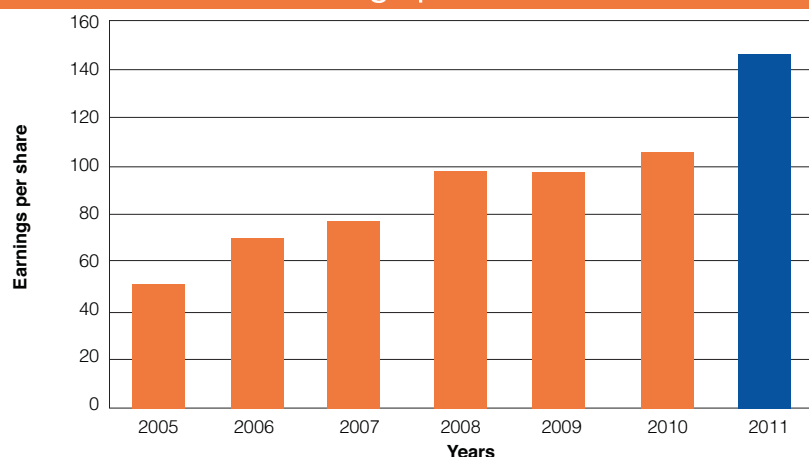


## Cost Income ratio

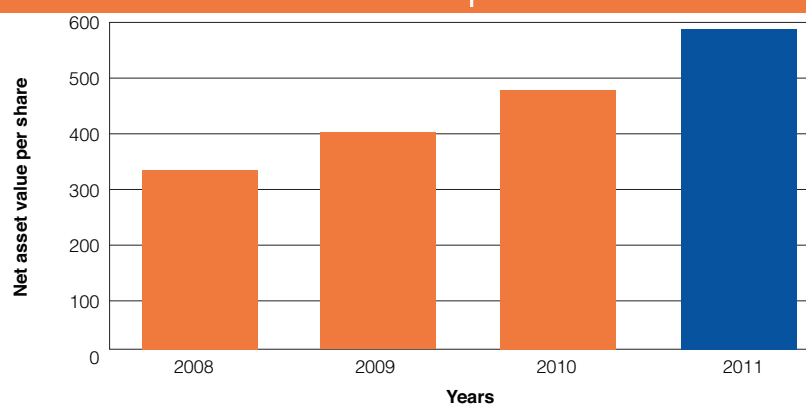
Cost Income Ratio	
Years	%
2005	50
2006	53
2007	55
2008	50
2009	55
2010	60
2011	57



## Earnings per share



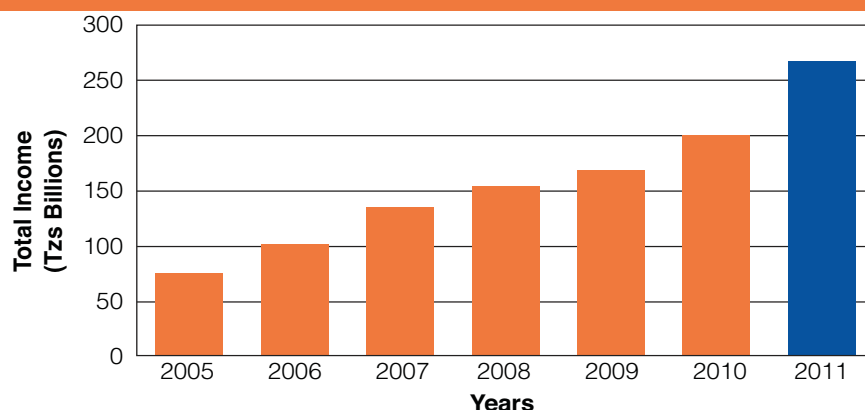
## Net asset value per share



# Highlights for the Financial periods of 2005 - 2011

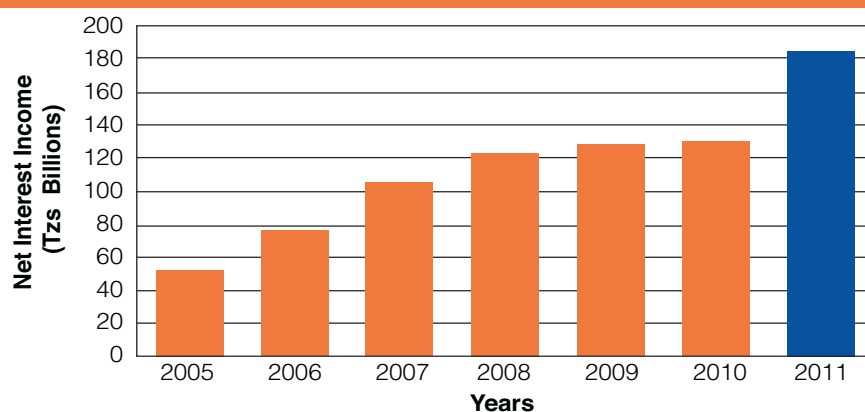
## Total Income

Total Income	
Years	Tzs Billions
2005	75
2006	101
2007	135
2008	154
2009	168
2010	200
2011	267



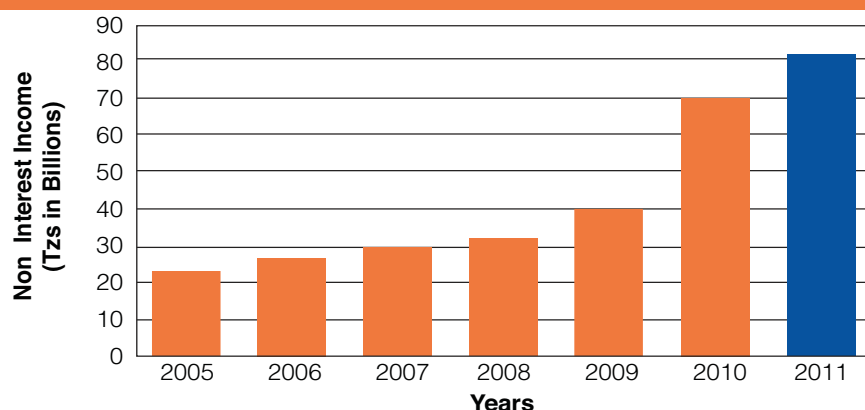
## Net Interest Income

Net Interest Income	
Years	Tzs Billions
2005	52
2006	76
2007	105
2008	123
2009	128
2010	130
2011	185



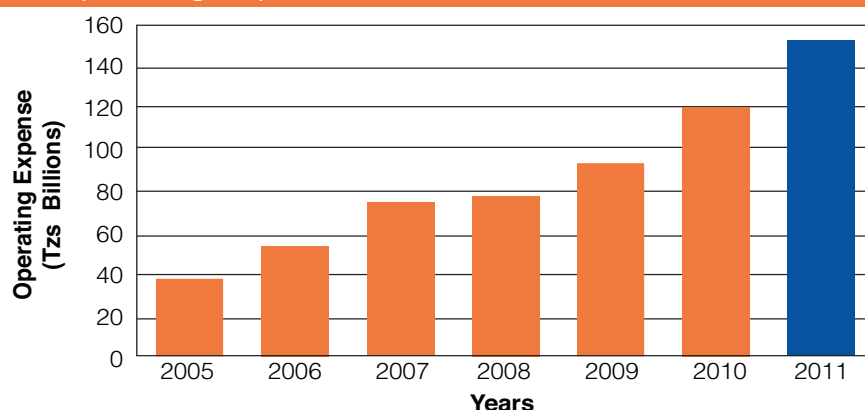
## Non Interest Income

Non Interest Income	
Years	Tzs Billions
2005	22
2006	25
2007	30
2008	32
2009	40
2010	70
2011	81



## Operating Expenses

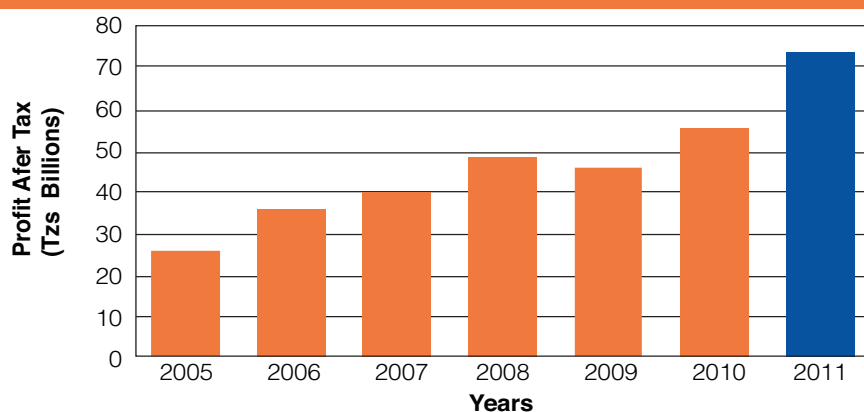
Operating Expense	
Years	Tzs in Billions
2005	37
2006	53
2007	74
2008	77
2009	93
2010	120
2011	152





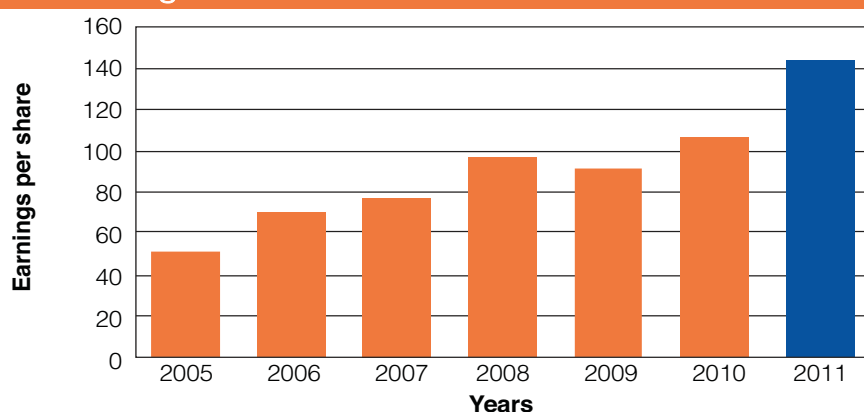
## Profit After Tax

Profit After Tax	
Years	Tzs Billions
2005	25
2006	35
2007	39
2008	49
2009	48
2010	54
2011	72



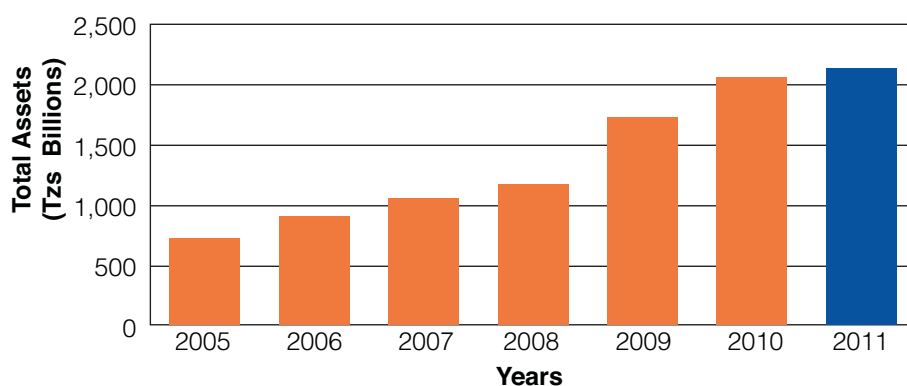
## Earnings Per Share

Earning Per Share	
Years	Eps
2005	51
2006	70
2007	78
2008	97
2009	95
2010	108
2011	144



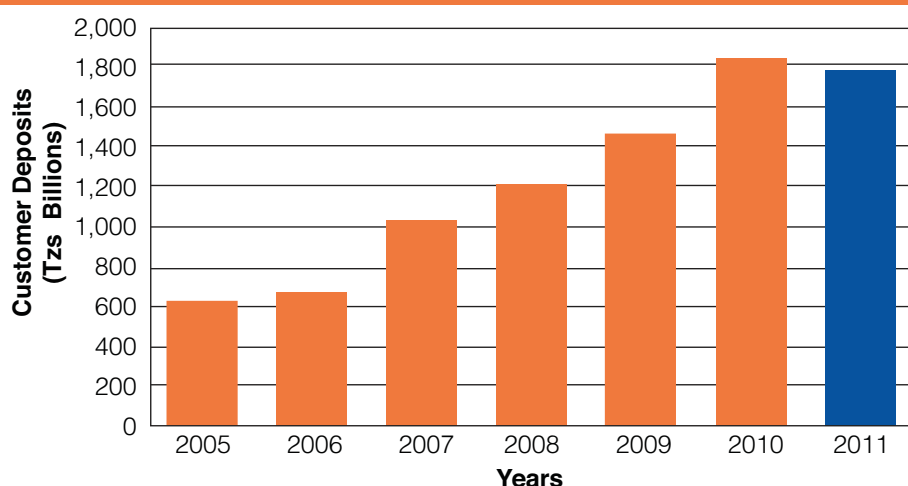
## Total Assets

Total Assets	
Years	Tzs Billions
2005	690
2006	795
2007	1,158
2008	1,384
2009	1,669
2010	2,107
2011	2,156



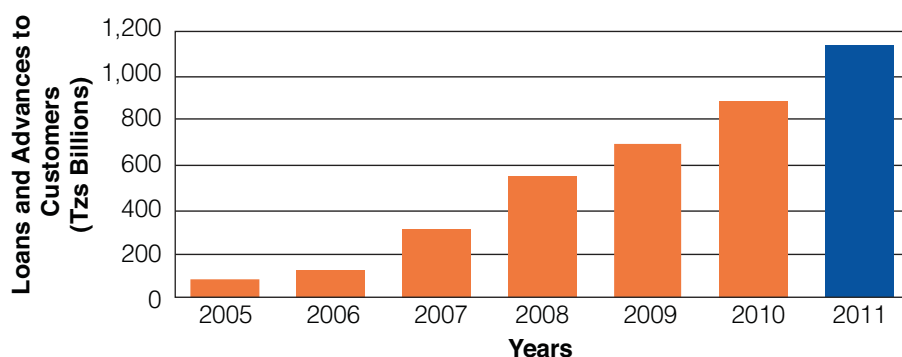
## Customer Deposits

Customer Deposits	
Years	Customer Deposits
2005	617
2006	688
2007	1,013
2008	1,200
2009	1,459
2010	1,813
2011	1,790



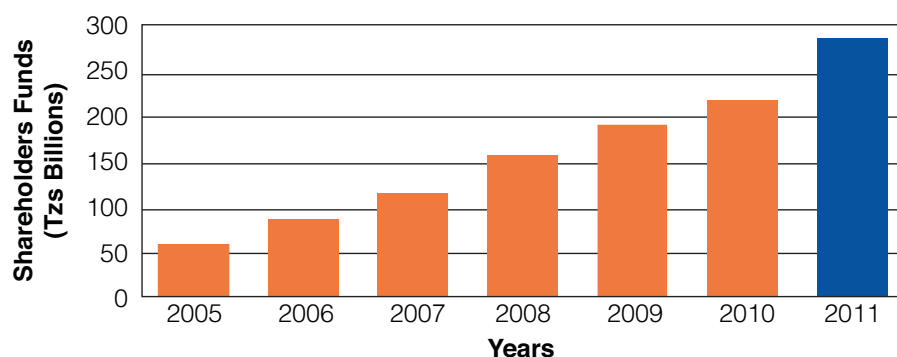
## Loans and Advances to Customers

Loans and Advances to Customers	
Years	Loans and Advances to Customers
2005	85
2006	137
2007	345
2008	571
2009	673
2010	858
2011	1,124



## Shareholders Funds

Shareholders Funds	
Years	Shareholders Funds
2005	61
2006	91
2007	122
2008	160
2009	192
2010	231
2011	284



# Board of Directors



Misheck Ngatunga



Mike Laiser



Jos van Lange



Felix Moshia



Protase Tehingisa



Margaret Ikongo



William Mlaki



Albert Jonkergouw

## Misheck Ngatunga

### Board Chairman

Mr. Misheck Ngatunga is an independent business advisor and consultant. He previously managed the East African Regional Office of the APDF/IFC of the World Bank in Kenya. Prior to that, he worked with the East African Development Bank and the Bank of Tanzania

## Mike Laiser

Mr. Mike Laiser is the 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.

## Jos van Lange

Mr. Jos van Lange is an Economist by profession and is currently the Chief Financial and Risk Officer (CFRO) in the Executive Board 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.

## Felix Mosha

Mr. Felix Mosha is an economist by profession. He worked for 22 years at the United Nations. He served in various positions including Chief, Trade and Investment Center UNECA; Senior Economist (UNCTC); Director, Africa Division UN Department of Political Affairs; Special Representative of the UN Secretary General and UN Advisor to the late Mwl. Nyerere and Gen Olusegun Obasanjo. He presently deals with farming and real estate.

## Protase Tehingisa

Mr. Protase Tehingisa is a specialist in corporate and investment law. He 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.

## Margaret Ikongo

Mrs Margaret Ikongo is a Chartered Insurer by profession and is registered with the Chartered Insurance Institute, UK. 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 in Tanzania and internationally. She currently works for the Tanzania Insurance Regulatory Authority.

## William Mlaki

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.

## Albert Jonkergouw

Mr. Albert Jonkergouw was appointed to join the NMB Board of Directors on 28 May 2011. He is currently responsible for managing investments in Africa within Rabo Development NV and has 16 years experience in retail and wholesale banking both internationally and within Rabobank Netherlands.

Before joining Rabo Development, Mr. Jonkergouw was the Global Head International Audit Services at Rabobank. Prior to joining Rabobank, Mr. Jonkergouw held senior position in auditing in different banks in South Africa.

# Management



**Mark Wiessing**  
Chief Executive Officer



**Waziri Barnabas**  
Chief Financial Officer



**Arjan Molenkamp**  
Chief Operating Officer



**Kees Verbeek**  
Chief Commercial Officer



**John Ncube**  
Chief Information Officer



**Danny van Det**  
Chief Risk Officer



**Charles Kazuka**  
Chief Human Resources Officer

**Mark Wiessing**  
Chief Executive Officer

Mark Wiessing joined NMB in December 2010 as CEO. 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.

**Waziri Barnabas**  
Chief Financial Officer

Waziri Barnabas is the CFO of NMB. He has over thirteen 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.

**Arjan Molenkamp**  
Chief Operating Officer

Arjan Molenkamp joined NMB 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 Citrus Bank. Mr. Molenkamp holds an Executive MBA in General Management from Erasmus University in the Netherlands.

**Kees Verbeek**  
Chief Commercial Officer

Kees Verbeek is the CCO of NMB. He has vast experience in dealing with agriculture and previously worked with Rabobank in a number of positions including Senior Industry Analyst, Commodities & Life sciences, Senior Relationship Banker, Food & Agribusiness

Corporates and Team Leader, Team Food & Food Retail. Mr. Verbeek has an MSc in Agricultural Economics (cum laude) from the Agricultural University in Wageningen, the Netherlands.

**John Ncube**  
Chief Information Officer

John Ncube is the CIO of NMB. He has over twenty years experience in the area of Information Technology with over seventeen years spent in managerial positions within the banking environment. Some of the banks he worked for are Agricultural Development Bank of Zimbabwe and SSB Bank in Ghana. Mr. Ncube holds a B.Sc. Honours in Mathematics with Computer Science from University of Guildford, UK.

**Danny van Det**  
Chief Risk Officer

Danny van Det joined NMB in April 2008. He is the CRO of NMB. He previously worked with Rabobank for more than ten years in various positions especially focusing on Credit Risk Management and Organizational Change. Mr. van Det holds an MBA from Erasmus University, Rotterdam, Netherlands.

**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. He has extensive Human Resources experience having spent 12 years in Senior Human Resources Management roles in Tanzania and West Africa. Mr. Kazuka holds a BA-Education degree from Makerere University and a post graduate diploma in strategic Human Resources from Leicester University, UK.





## NMB Arusha Business Centre

# Key Management Committees

---

## 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 committee was 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 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.

## Executive Management Team Committee

The objective of the Executive Management Team Committee is to positively 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.

## 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.

In the event of being aggrieved by the decision of the MHRDC, the employee may appeal to the Disciplinary Appeals Committee (DAC). The DAC is mandated to hear the appellant's grounds of appeal and evaluate the merits in the context of the available information and make appropriate decisions.

## Management Tender Committee (MTC)

The objective of the Management Tender Committee (MTC) is to review, consider and approve all purchases made above the amount of TZS 100 Million.

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

## Operational Risk Committee

The Operational Risk Committee is a standing committee involving Risk Department and Operations Department personnel and Management, whose main purpose is to serve as a forum to align and properly coordinate the actions and activities of the two departments with a view towards forging a better control



environment and customer experience at NMB. The Committee has the authority to review the operation of branches and provide the necessary guidance to branches where required.

### Product and Processes Approval Committee

The objective of the Product Approval Committee is to review and approve the commissioning or deployment of a new product and new operational processes. The Committee has the mandate to approve and reject a request to commission or deploy

a new product if it fails to meet the required standard.

### Projects Committee

The objective of the Projects Committee is to guarantee success on 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.



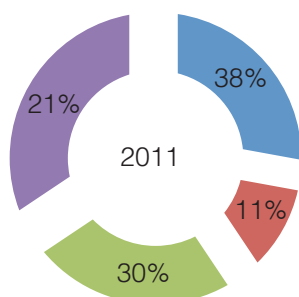
The launch of **NMB Pesa Fasta** in the presence of the Technical Director of FSDT Mr. Kewe, NMB CEO Mr. Wiessing and NMB Senior Manager, Personal Banking, Mr. Nsekele.

# NMB Value Added Statement for the year ended 31 December 2011

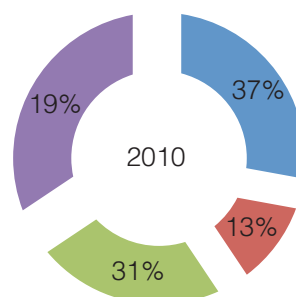
"Value added is the wealth the bank has been able to create by providing clients with a quality, valueadded service."

Tzs 'Millions	2011		2010	
<b>Value added</b>				
Income earned by providing banking services	193,005		41,442	
Cost of service	(19,584)		(12,706)	
value added by banking services	173,421		128,736	
Non operating and other income and expenditures	(6,989)		(3,831)	
	<u>166,432</u>		<u>124,905</u>	
<b>Value allocated</b>				
To employees:				
Salaries and other benefits	63,646	38%	46,460	37%
To providers of capital: dividend to shareholders	18,000	11%	15,700	13%
To government				
Income Tax	34,508		27,930	
PAYE	1,641		8,621	
Skills development levy	<u>3,171</u>		<u>2,444</u>	
	49,320	30%	38,995	31%
To expansion and growth				
Depreciation,deferred tax and retained earnings	35,466	21%	23,750	19%
	<u>166,432</u>	100%	<u>124,905</u>	100%

● To employees:      ● To providers of capital:  
● To government      ● To expansion and growth



● To employees:      ● To providers of capital:  
● To government      ● To expansion and growth



# Chairman's Report

Once again, it is a great honor for me to report to the National Microfinance Bank Plc (NMB) shareholders and other stakeholders on the financial results and operational developments that have translated into another successful year for the bank and its stakeholders.

This will also be my last Chairman's report for NMB, as I will retire at the upcoming Annual General Meeting, (AGM) after having served as a non executive director and Chairman of NMB, for nine years. The Government of Tanzania has indicated its intent to nominate my replacement as a non executive director, subject to ratification at the bank's AGM to be held on 2nd June 2012.

During the last nine years, NMB has developed significantly. I have watched it evolve from an institution with a limited mandate to become a full fledged commercial bank, leading the market in many areas, and making a significant contribution to the Tanzanian economy and to the country's tax revenues.

## Economic context

The year has not been without its challenges, first and foremost those concerning the international and economic environment. Indeed the global economic crisis that has been lingering since 2008 took another turn in 2011, with continued uncertainty on global economic growth, and significant market volatility arising from the European debt crisis.

The economic slowdown was especially marked in developed markets, with growth estimated to have reduced to about 1.6%. However, emerging markets growth also slipped, on the back of a slowdown in exports to markets in Europe and the United States of America, coupled with tighter domestic policy stances in a number of key emerging markets, to combat inflationary pressures.



Economic, financial and policy problems which fueled uncertainty and investor concerns last year continue to weigh down the global outlook for 2012 though occasional positive developments such as the latest bailout for Greece and growth signals in the United States of America are encouraging.

Notwithstanding, Tanzania's economy remained relatively resilient to the international developments. Over the past decade Tanzania

has been one of the fastest growing economies at around 7% p.a., thanks to its relative isolation from global markets, and effective economic policies. However the country's indicators for 2011 point to a modest slowdown of growth to 6% p.a., still significantly higher than most other markets.

The year 2011 was also marked by an increase in domestic inflation combined with a number of other factors, including decline in electricity output that resulted into load shedding and increased fuel imports for emergency generators. However, adjustment of fiscal and monetary policies point to a prudent stance of the authorities and stable coreinflation numbers bode well for the future, even on the backdrop of the imminent reduction in donor inflows which constitute a major part of the national budget.

### Financial and Operational Performance

Despite the uncertain external environment, already alluded to, I am pleased to report that the Bank has continued to do well in 2011. The year closed with a Profit Before Tax (PBT) of TZS 103 billion, which translated into a Profit After Tax (PAT) of TZS 72 billion. This represents an increase of 31% and 33% respectively.

The growth in income was attributable to a number of encouraging developments, including the growth of the bank's retail lending book, and continued growth in the banks transactional fees and commissions, up 39% and 36% respectively, resulting in top line revenue growth of 33%, from TZS 200 billion to TZS 267 billion.

Costs grew at 26%, and included once off items associated with the bank's implementation of a new core banking system which was rolled out successfully in late 2011.

Other Key Performance Indicators also remain strong, with the bank's cost to income ratio at around 57% (2010: 60%), and a loan to deposit ratio of 64% (2010: 47%), indicating a more efficient use of the bank's balance sheet.

The bank's Net Asset Value also increased by 23%, and the NAV per share increased from TZS 461 to TZS 569.

### Share Price and Investor relations

The banks share price has evolved favorably

over the course of 2011. The bank's price earnings ratio and price to book value are generally seen to compare well with its peers from an investors point of view, and may have contributed to the share price increase from TZS 660 to TZS 850. However market liquidity factors also play a role, and are seen to constrain share price movements, in that total market volumes remain very low compared to other emerging markets.

Nonetheless, NMB share trading volumes indicate that NMB is among the more liquid counters on the Dar es Salaam Stock Exchange.

In the course of 2011 the bank initiated or participated in a number of events both locally and regionally to improve engagement with existing and prospective institutional investors.

### Governance

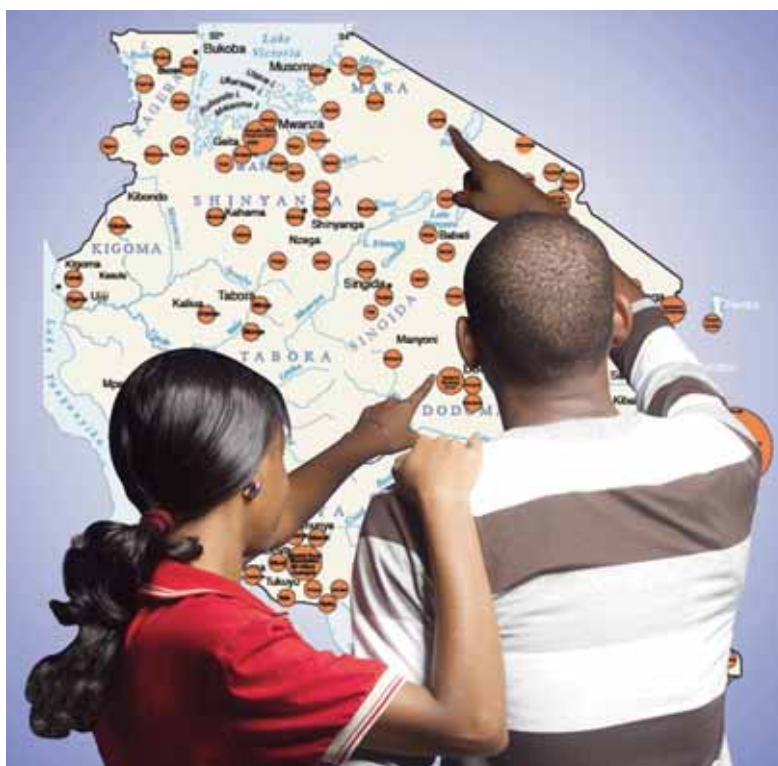
The bank continues to subscribe to the highest standards of corporate governance. To that effect the bank does not only seek to achieve best practice standards with regard to the terms of reference of its board and committee meetings, but has also instituted a board self-assessment process which should contribute to improved effectiveness of its meetings and continued improvement in its engagement with management.

The Board saw some changes in the course of 2011, with Director Yona Killagane resigning his directorship at NMB and accepting a similar role at Bank of Tanzania, while Director Bruce Dick resigned to be replaced by another representative of our strategic partner Rabobank, Mr. Albert Jonkergouw.

In addition the Chairman of the Board of Directors, in keeping with best practice governance standards, resigned his chairmanship of the Board Credit Committee, which role was assumed by Mr. William Mlaki.

The Board of Directors will also reach a new milestone on the occasion of the 2012 Annual General Meeting, in that for the first time since the bank adopted its new Articles of Association in 2008, the tenure of some of our Directors will have reached the three year limit. In line with the bank's articles of incorporation, one third of those Directors who have reached the three year limit will resign, but may be re-elected.





Our expanding branch network has been key in reaching farmers, entrepreneurs and civil servants across Tanzania

I wish to thank my fellow non-executive directors on the Board of NMB for their contribution and cooperation.

### Dividend proposal

The Board of Directors of NMB, at their meeting on 30th March 2012, recommended a dividend of TZS 50 per share, in light of the bank's improved profitability and regulatory guidelines but also being mindful of remaining adequately capitalized for unforeseen events and investment requirements, and generally in line with the bank's prudent Risk Policies which have been adopted by the Board.

The proposed dividend of TZS 50 per share represents an increase of 39% over last year's dividend of TZS 36 per share. If approved by the Bank's Annual General Meeting, this dividend would represent a dividend yield of 6%, up from 5% last year.

### Conclusion

The Bank's future remains bright. Despite continued uncertainty on the global economy, we expect the Tanzanian economy to remain resilient, with solid GDP growth of some 6% per annum in 2012 and perhaps higher in following years, depending on developments on the domestic energy situation and global markets.

On behalf of the Board of Directors, I wish to thank Management and Staff for another successful year, which cements NMB's position

as one of the leading banks in Tanzania. I wish to particularly thank them for the successful installation, operation, testing and live implementation of the new Core Banking System. This was a laudable achievement that will allow NMB to continue its growth well into the future.

I also wish to thank all our other stakeholders, including our retail and wholesale banking customers, the Government of the United Republic of Tanzania, and our shareholders for their continued support of NMB.

Looking back on the years I have served NMB, I feel privileged to have worked with several diverse and capable people, including the bank's management, NMB employees nationwide, and the bank's stakeholders, including the Government of Tanzania and our strategic partner Rabobank, one of the top international banks who invested in NMB at its privatisation. I wish all of them and the bank much success in the future and wish to thank them for the support I have enjoyed over the years.

Misheck Ngatunga  
Board Chairman



## Official Opening of **NMB Bank House**

# Chief Executive Officer's Report

The year 2011 has been a challenging year that has been marked by the bank's conversion to a new Core Banking System, and by continued global and local market uncertainties and volatility. Nonetheless NMB has been able to deliver strong financial results, with Profit Before Tax (PBT) at TZS 103 billion and Profit After Tax (PAT) at TZS 72 billion, both up 31% and 33% respectively from 2010.

## Economy and market developments

The global financial markets have remained in turmoil in the course of 2011. Tanzania has remained relatively isolated from the sovereign credit crisis in Europe, and whereas its banks have a low level of international exposure which limited the risk of financial contagion, the domestic economy has remained resilient with GDP growth expected to have only marginally edged lower to a still strong 6% per annum.

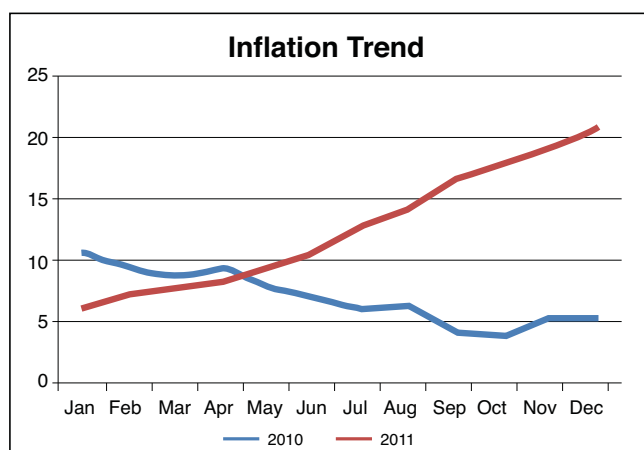
The year has stood in the context of the domestic energy crisis and significant volatility of the country's market indicators.

Fuel shortages, higher fuel prices, declined electricity output, and commodity price volatility have had their impact on the domestic markets in 2011. Higher food prices and higher fuel prices conspired to drive inflation up to the high teens toward the end of the year, a phenomenon also seen in other East African markets.



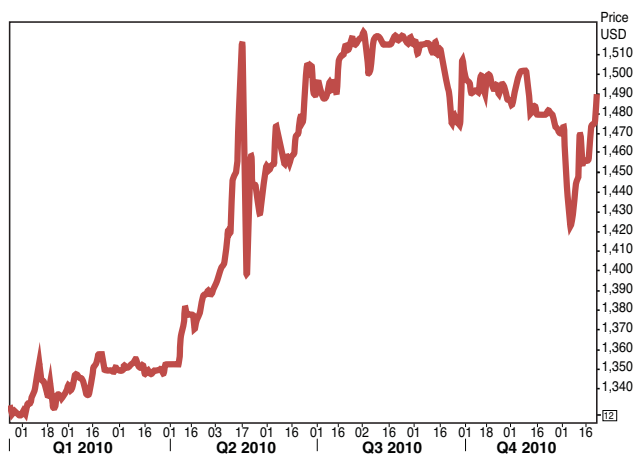
"NMB has been able to deliver strong financial results, with Profit Before Tax (PBT) at TZS 103 billion and Profit After Tax (PAT) at TZS 72 billion, both up 31% and 33% respectively from 2010".



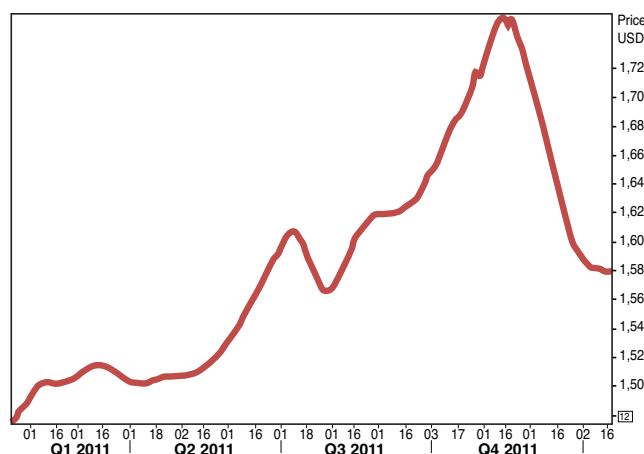


Source: Bank of Tanzania

At the same time, pressures on the foreign exchange markets resulted in a marked weakening of regional currencies, including the Tanzanian Shilling.



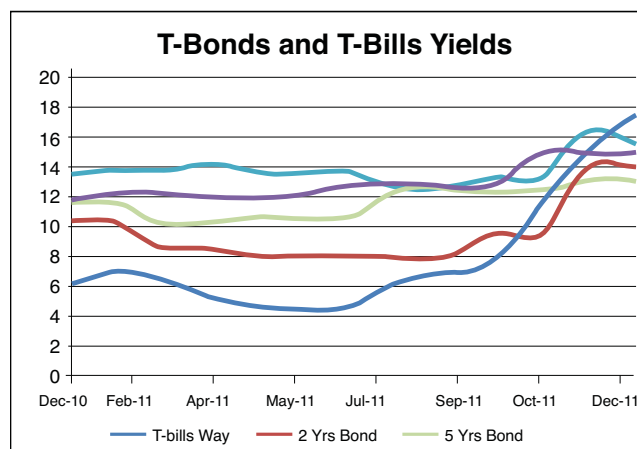
Source: Bank of Tanzania



Source: Bank of Tanzania

The Bank of Tanzania responded by tightening its monetary policy, including through higher statutory reserve requirements and reduced limits on bank Net Open Position, while also supplying the market with foreign currency.

Accordingly the Tanzanian Shilling exchange rate normalized to earlier levels, though market liquidity remained relatively scarce and interest rates high in nominal terms, particularly in the weeks and months leading up to the year end.



WAY - Weighted Average Yield

Source: Bank of Tanzania

## Strategy

In the course of 2011, and in line with its practice of regularly reviewing its strategy and operational performance in changing markets, the bank reaffirmed its mission to bring affordable customer focused financial services to the Tanzanian community, through our extensive branch network and other innovative distribution, in order to realize sustainable benefits for all our stakeholders. Our ultimate vision is to be recognized as the preferred financial service partner in Tanzania. Our values support us in achieving our ambitions.

In the course of 2011, we have further developed our ability to deliver financial services to chosen wholesale and retail customer segments, through a broad mix of lending, liquidity and transactional solutions delivered through a variety of "bricks and mortar" branches and electronic channels.

Our wholesale banking division is focused on servicing the banking needs of large corporates (both locally or foreign owned), of Government (including central and local government, and agencies), as well as non-bank financial institutions, international organizations, and NGO's. In addition our agribusiness department is managed from within the wholesale banking division.



Our retail banking division currently includes teams focusing on the needs of personal banking customers and of Micro, Small and Medium Enterprises (MSME). Product teams responsible for product development and sales support the extensive branch network and alternative channels being run by the retail division in rural and urban areas.

The treasury division is being upgraded with a view to make it a more substantial player in the country's money markets and foreign exchange markets, commensurate with the bank's overall market share and leadership.

### Retail Banking

Retail banking is and remains the foundation of NMB as an organization. In keeping with our mission to provide affordable financial solutions to the Tanzanian community, in rural as well as in urban areas, the bank has grown its base of personal banking customers to some 1.7 million individuals, up some 21% over 2010. Personal banking deposits grew however by a lesser rate of 13%, reaffirming the need for NMB to remain focused on its unique retail deposit generation capabilities.

At the same time, the bank's income was strongly influenced by the growth of its successful "salaried workers loan" (SWL) product, which grew by 43%, and contributed to a more efficient use of the bank's balance sheet, with a loan to deposit ratio reaching 64%, still well within the regulatory maximum of 80%. The SWL loan book reached TZS 624 billion at year end 2011.

Our MSME department has continued to grow well, reaching over 53,900 customers, with over TZS 200 billion in financing facilities extended to small companies and individual traders. The scale of this business is encouraging as evidence of the entrepreneurial spirit of Tanzanians, and the ability and willingness of NMB to play a major if not leading role in the micro finance segment, on lending terms that are generally seen as attractive when compared to typical micro finance players. To that effect NMB has participated in a pricing transparency initiative

led by some microfinance industry players. In addition the bank continued building its alternative channels of mobile banking, cards and ATM's. The number of active users of our mobile banking channel increased to 552,000, up 38% on the previous year, but still short of a much higher potential. This potential is being targeted through product extensions such as providing a wider menu of bill payment and "prepaid" beneficiaries, including the likes of Dawasco (water utility), DSTV (satellite TV), Tanzania Revenue Authority which were added in the course of 2011. NMB also launched its "Pesa Fasta" solution, allowing bank customers to remit funds to non-account holders, by giving them access to any NMB ATM without the need for an ATM card. The bank's remittance business is seeing increased competition from mobile network operators, whose business model is not subject to the same constraints (such as Know Your Customer-KYC requirements, or physical infrastructure for cash-over-the-counter requirements applicable to commercial banks).

Our network of ATM's grew to 450 machines, installed both on-site (at branch locations) and offsite (remote locations). It is estimated that some 40% of all ATM's in Tanzania are NMB ATM's, while our card base increased to 1.3 million, estimated to be the biggest card base in the country.

The ratio of electronic and/or "straight-through-processing" (STP) to over-the-counter (OTC) and/or manually processed transactions is growing continually, and are an indicator of the improving efficiencies of the bank, with an aim to continue promoting our self-service channels.

Our branch network of 141 branches continues to be the dominant network among banks in Tanzania, fulfilling a key role in empowering local communities, and thus having a significant but oft forgotten economic impact, especially in those previously unbanked communities and districts. NMB is present in 124 of the Government's 129 Districts on the Mainland, and in all Regions.

## Wholesale banking

This division has continued to make progress in servicing the needs of the country's largest multinational and local customers, government entities and other institutions. Our customer coverage teams operate from our headquarters in Dar es Salaam, delivering lending, and liquidity, transactional and deposit solutions nationwide. They have been strengthened by more and experienced relationship managers, who seek to add value not only for our customers borrowing needs, but also on their transactional and foreign exchange needs by calling in the necessary expertise from our product specialists.

In the course of 2011, we created a new Transactional Banking team focused on servicing the payments, collections and trade finance solutions of our largest corporate and government customers, supported by our extensive branch network and electronic solutions.

The Treasury team was also strengthened to ensure not only the appropriate positioning of the bank in the local money markets, but also to service the foreign exchange and hedging needs of our largest customers on the back of their own funding, liquidity and transactional flows.

Our Agribusiness team works with out-growers and cooperatives, through whom we have reached over 500,000 households with a loan book of some TZS 67 billion. Our key products continue to be warehouse receipt financing, pioneered by NMB several years ago, with disbursed facilities of some TZS 113 billion, for crops as diverse as cashew nuts, sesame, coffee etc. The bank also plays a key role in the Governments nationwide agricultural voucher scheme, on the back of our extensive branch network in rural areas, which allows the bank to reach out to farming communities nationwide.

## Support Services

### Information and Communication Technology (ICT)

For management and staff, the year stood out

for its conversion to a new Core Banking System (CBS), a huge exercise that required a major capital and HR investment. The live migration to the new system in November 2011 went well, with minimal impact on our customers, and I would like to commend all our staff for a job well done under difficult circumstances.

The new CBS is a world class front and back office operating system, named Oracle Flexcube universal banking system. The new CBS is intended to enable NMB to continue its market leadership and customer base growth well into the future. In that context, all branch data communication links have been upgraded so that most of all branches will have substituted "old world" copper with fibre optic, and wireless failover links.

While the cross over in November went well, with little or no customer impact, work remains to be done to fully embed the system in the day to day operations, to achieve improved system response times, and to achieve the operational efficiencies that were expected at the time of selecting the system.

The bank runs a myriad of ancillary systems and applications including ATM's, mobile banking, other electronic and Internet banking offerings. The multiplicity of activities has necessitated the continued upgrade of the bank's ICT personnel, operating standards and management disciplines.

## Facilities, Properties and Procurement

In the course of 2011, progress was booked in the effectiveness of our Facilities management unit, with improved flow of stock and stores management, and use of new tools such as fuel monitoring and other security devices to monitor usage and reduce wastage.

With regards to properties, over 90 new ATM's were installed at on-site and off-site locations for a total of 450 machines nationwide. And 21 branches were renovated, relocated or built from scratch in 2011. It is estimated that 43% of all ATM's in Tanzania are NMB ATM's, and 34% of all bank branches are NMB branches.

Over 60% of the bank's branches are located in what are considered rural areas.

With such a geographical spread the efforts on ensuring that branches are adequately built, maintained, equipped and serviced by communications and other suppliers are and will continue to be huge. Further efforts are afoot to ensure our entire branch network is maintained and renovated timeously to uniform standards.

Procurement activities are being strengthened through stronger governance, supplier performance evaluations, procurement risk registers and other measures designed to improve the efficiency and effectiveness of our procurement standards.

### Audit, Credit, Risk and Compliance

The Internal Audit Function continued supporting the achievement of the bank's objectives, by evaluating the adequacy of the bank's risk management, controls and governance processes, recommending improvements, and conducting follow up audits to ensure action points by internal, external and regulators are closed within agreed timelines, as well as assisting the Board Audit, Risk and Compliance committee in self-assessing its own responsibilities, as well as those of other assurance providers.

The Credit department contributed to the review of the bank's Credit Policy, enhancement of the bank's credit approval processes, while strengthening its oversight through the creation of a dedicated Credit Administration Unit, and continued active monitoring of loan portfolio quality, which has remained well within the bank's risk parameters, as also evidenced by the bank's NPL and coverage ratios.

On the Risk management side, further governance improvements were made through the creation of a Product Approval committee, the creation of a Market Risk unit (also referred to as a Treasury Middle Office), creation of Operational Risk committee, in addition to the normal activities.

With regard to Regulatory Compliance, the bank approved the new Compliance Risk Management Policy, and defined its Compliance universe. As part of the bank's fraud awareness and prevention efforts, the bank re-launched its "Whistleblowing Policy". The year was notable by the increased pressure to update Know Your Customer (KYC) details for all its customers, in anticipation of an early 2012 deadline, in the context of more stringent Anti Money Laundering regulatory requirements.

### Human Resources

In the course of 2011, the rate of growth in staff numbers stabilized, with the total staff complement reaching 2650 employees, of which 1535 were male and 1115 were female.

There was continued good relations between Management and the "FIBUCA" Trade Union representatives in 2011 and both parties signed a Collective Bargaining Agreement on 1st July 2011. Management and union leadership continue to ensure that a healthy labour relationship is maintained through continued discussions and labour law training sessions for staff representatives.

Performance Management continued to be embedded across the bank and staff and their union representatives also participated in a training workshop during the annual congress in December 2011.

Management continued to ensure that the bank's remuneration practices were aligned to those of our banking peers and the bank participated in an industry wide salary and benefits survey and implemented salary reviews across the bank based on these surveys.

The bank also launched its Staff Mortgage Policy in 2011 to support staff in acquiring residential property at preferential rates.

During the year, the bank continued to invest in training for staff and spent TZS 1,724,000. Further investment will be made in upgrading training and development of staff.

Leadership training for Senior Managers was also successfully concluded and this was aimed at developing the leadership cadre in the bank.

The Management Trainee Program was also completed and the high caliber graduates were successfully placed in various positions across the bank.

All staff and their dependents continued to be availed medical coverage and services through the bank's medical scheme.

The bank contributes to the statutory administered pension plans under their defined contribution scheme and the bank was specially recognized by the Parastatal Pension Fund as first runners up for timely remittance of member's contribution in 2011.

### Sustainability

In recent years NMB has taken its corporate and social responsibility role seriously and has endeavored to contribute up to 1% of the bank's profit after tax to worthy causes in the communities around us. Most of these causes have been in fields of sports, education and health while occasionally providing support on once off events or national emergencies with a major public impact.

In 2011, we continued our sponsorship of the national football team, the Taifa Stars, which allowed us to extend our Youth Soccer initiative through which we support grassroots soccer by distributing footballs to primary and secondary schools around Tanzania. We reached over 40,000 boys and girls in over 2,500 schools nationwide, and distributed some 5,000 NMB branded footballs.

In our endeavor to contribute to the almost unlimited demand for schooling facilities nationwide, NMB has distributed over 1900 desks worth TZS 94 million to more than 25 schools, thus affording children in under resourced schools an opportunity to learn in more conducive circumstances.

The bank has also contributed to the Ocean

Road cancer institute, and to a number of district hospitals in need of beds and other basics.

Finally, the bank has contributed to initiatives to deal with the aftermath of tragic national emergencies such as floods, the Gongo la Mboto ammunitions stores explosion and the sinking of a ferry off the coast of Pemba. These donations are often in kind and done in consultation with other stakeholders, including as appropriate with Government.

In considering the often difficult moral choices the bank must make in accepting requests for support on some projects, and therefore having to reject other equally worthy causes, management has chosen to increasingly focus its CSR or sustainability budget on activities which are close to its mission: to provide access to financial services to an increasingly informed public.

NMB believes that a bank does not only contribute to the communities around it through a budget of 1% of its after tax profit. Unlike many other industries, the role of a bank is much broader and its developmental impact on society can be much stronger, when considering the overall economic impact of providing access to financial services to previously unbanked or under banked communities.

The economic impact of access to financial services in emerging countries like Tanzania is usually considered to be driven by the following key factors:

- rural outreach
- access to financial services for the agricultural sector
- support of micro and small enterprises
- access to efficient payment networks
- and, finally, financial literacy

As the first four elements are already being delivered through the bank's usual business activities, it stands to reason that improving financial literacy is not only empowering individuals and communities in their own right, but is also in the long term interest of a bank



like NMB, who is so closely linked to the Tanzanian communities in which it operates, in over 140 locations nationwide. Accordingly, the bank will dedicate a large part of its CSR budget in 2012 to building financial literacy in schools and among Micro and small and medium enterprises (MSME).

As part of its sustainability efforts, NMB has also created NMB Foundation for Agricultural Development (NFAD). Funded in part by Rabobank Foundation, the NFAD mission is to contribute to sustainable business practices in agriculture. To that effect its initial focus is on training Primary Cooperative Societies (PCS) and Agricultural Marketing Cooperative Societies (AMCOS) on institutional governance and marketing and loan administration. In due course, and with this as a basis, NFAD hopes to support other initiatives, including with other stakeholders, that will bring about meaningful change for small scale farmers, in terms of better yields and/or higher farm gate pricing. NFAD has reached 478 cooperatives, training over 3,000 board members representing more than 200,000 individual farmers.

### Technical Assistance

One of the benefits of being associated to a strategic partner like Rabobank, one of the top rated international banks, is the ability to call on that Groups expertise and know how in a number of specialized areas. In the course of 2011, Rabobank representatives supported NMB in areas as diverse as: real estate finance, credit training, credit scoring, core banking system migration, "emerging farmer" financing skills, procurement practices, and other matters relevant to NMB.

Key staff of NMB were also offered the opportunity to travel to the Netherlands to familiarize themselves with the domestic retail banking business model as a source of learning for NMB's activities.

### Financial Results

Strong loans and advances growth and transactional revenue growth, coupled with comparatively low Non Performing Loans

(NPL), have resulted in excellent financial results:

- total revenues up 33%, to TZS 267 billion
- total interest income up 36% to TZS 193 billion
- total fees and commissions up 25% to TZS 68 billion

While total deposits growth was disappointing, we gain comfort from the fact that personal banking deposits continued to grow at some 8% to TZS 916 billion.

The NPL ratio remains at an acceptable 2%, with impairments for the year at TZS 12 billion, or 1.03% of gross loans and advances. The impairment coverage ratio stands at 1.4%, indicating an appropriately conservative stance on recognizing and providing for NPL's.

Key efficiency indicators such as cost-to-income and loan-to-deposit ratios stand at 64% and 57% respectively, both slightly improved on the previous year.

The bank's return on equity also improved to a commendable 28%, with the bank's total core capital base (before dividends) improving to TZS 239 billion, or a regulatory 19%, both among the highest of all banks in Tanzania.

Should the AGM approve the dividend of TZS 50 per share, as recommended by the Board of Directors, the capital adequacy ratio would still stand at 20%, well in excess of the regulatory minimum of 12%, and at around the minimum prudent levels required by the Board of Directors. These capitalization levels would be appropriate to satisfy NMB's short and medium term needs for investments in staff, product development, branch network and technology extensions to service the needs of our growing customer base, to continue growing our loan book which carries a 100% regulatory risk weighting, while also maintaining a regulatory single name exposure limit of a level that allows us to engage with the country's largest borrowers.



NMB is the 1<sup>st</sup> bank in Tanzania to introduce a special account for farmers (NMB Kilimo Account)

## Outlook

As alluded to earlier, while the GDP growth outlook for Tanzania has edged down slightly to 6% p.a., this is still comparatively strong in the context of other emerging markets. Despite Tanzania being relatively protected from global market developments, there remain a number of key dependencies that may have an impact on 2012, including:

- progress on the resolution of the country's energy crisis
- availability of resources from international donors
- volatility on international prices of import commodities (such as crude oil) and export commodities (such as cashew nuts, gold, cotton etc.)
- volatility on foreign exchange and money markets

Barring unforeseen circumstances, we are confident that the bank will continue to show favorable developments, supported by a strong economy. The bank's overall performance is linked to the nature of its business, which remains dependent on interest rate developments and competitive

pressures, including from mobile network operators, while the risk of adverse developments from loan portfolio deterioration is an inherent part of our business.

We will continue in our efforts to improve customer service through our retail banking and wholesale banking teams, and to improve the mix of our business with a particular focus on continuing the growth of our customer deposits and to grow our transactional fees and commissions income. We will also invest further resources on fully embedding our new CBS and achieving the efficiencies envisaged at the time of selecting this platform.

In short, the bank will seek to further improve its performance indicators, both operationally and financially.

**Mark Wiessing**  
Chief Executive Officer of NMB

# Awards received in 2011



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



# Seven year financial review

	2011	2010	2009	2008	2007	2006	2005
<b>Statement of financial position</b>							
Advances	1,124	858	673	571	345	137	85
Total assets	2,156	2,107	1,669	1,384	1,158	795	690
Deposits and current accounts	1,790	1,813	1,459	1,200	1,013	688	617
Total equity	284	231	192	160	122	91	61
<b>Statement of comprehensive income</b>							
Net interest income before impairment of advances	185	130	128	123	105	76	53
Impairment losses of advances	16	17	17	10	3	3	2
Non interest income	81	70	40	32	30	25	22
Interest expenses	8	11	14	12	9	7	5
Operating expenses	152	120	93	77	74	53	37
Profit for the year	72	54	48	49	39	35	25
<b>Other information</b>							
Earnings per ordinary shares **	143.68	107.96	95.10	97.41	77.67	70.15	50.62
Return on assets (Earnings on average assets)	3%	3%	3%	4%	4%	5%	4%
Return on equity (Earnings on average equity)	28%	26%	27%	35%	36%	46%	41%
Cost to income ratio	57%	60%	55%	50%	55%	53%	50%
Impairment charge vs. average advances	2%	2%	3%	2%	1%	3%	2%
Market capitalization *	425	330	405	485			
Price to book ratio *	1.49	1.43	2.11	3.04			
<b>Dividend information</b>							
Dividends per share - ordinary dividend declared **	50.00	36.00	31.40	30.00	22.00	16.00	10.00
Dividend yield - ordinary dividends *	6%	5%	4%	3%			
(Dividend per share/Market share price)							
Dividend cover (times) based on total dividends							
(Profit after tax/Total dividend payout)	2.87	3.00	3.03	3.25	3.53	4.38	5.06
Earnings yield - ordinary dividend *							
(Earnings per share/Market share price)	17%	16%	12%	10%			
Closing share price - ordinary share *	850	660	810	970			
Price/Earnings ratio *	5.92	6.11	8.52	9.96			

\* The bank was not listed before 2008, thus the ratio has not been calculated to avoid distortion of trend

\*\* Before the IPO in 2008, the bank had 2 million issued and paid up shares. Share Capital was since split to 500 million issued and paid up shares.

A common denominator has been used in all the years under review.



# Corporate Governance

---

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

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

## 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 2011 the Board of Directors was made up of eight non-executive directors 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 submitted to BOT for approval.

All non-executive directors are subject to retirement by rotation and re-election by shareholders every three years 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 May 2011, Director Bruce Dick, nominated by Rabobank and appointed at the Annual General meeting in May 2010 tendered his resignation in order to proceed with other responsibilities within Rabobank. He was replaced by Mr. Albert Jonkergouw whose appointment was approved by the AGM on 29<sup>th</sup> May 2011.

Director Yona Killagane also tendered his resignation to the Board, in order to join the Bank of Tanzania (BOT) Board of Directors. As the BOT was the Company's regulator, there would be a conflict of interest if he were to sit on both Boards. The resignation of Director Yona Killagane automatically led to the resignation of his alternate, Mr. Amani Sinare, in accordance with Article 98(1) of the Company's Articles of Association.

The Board, Management and stakeholders of NMB wish to warmly thank the directors for their contribution to NMB.

### Board meetings

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).

### Board Executive Committee

The Board Executive Committee assists the Board of Directors 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 Credit Committee

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

In discharging its role, it is empowered to investigate any matter brought to its attention with access to all books, records, facilities and personnel of the Bank.

### Board Human Resources and Remuneration Committee

The primary function of the Board Human Resources & Remuneration 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 having regard to performance, the law and the highest standards of governance.

### Board Audit, Risk and Compliance Committee

The Committee has the oversight responsibility on planning and conducting of audits to determine NMB's financial statements and disclosures are complete and accurate and in accordance with the IFRS and applicable laws, rules and regulations.

The Committee also looks at the performance of the Internal Audit and Compliance functions as well as the adequacy of the Risk management function in particular as it relates to market, credit, operational, liquidity and reputation risk.

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

- Board of Directors (8)
- Board Executive Committee (2)
- Board Audit Risk and Compliance Committee (6)
- Board Human Resources and Remuneration Committee(4)
- Board Credit Committee (10)

Members of the Board and respective committees as at 31st December 2011 are shown in the table below:

S/No.	Name	Main Board	BEC <sup>1</sup>	BARCC <sup>2</sup>	BCC <sup>3</sup>	BHRRC <sup>4</sup>
1.	Mr. Misheck Ngatunga	Chairman	Chairman			
2.	Mr. Felix Mosha	Member	Member		Member	Chairman
3.	Mr. Albert Jonkergouw	Member	Member		Member	Member
4.	Mr. Jos van Lange	Member		Chairman		
5.	Mr. Mike Laiser	Member		Member		Member
6.	Mr. Protase Tehingisa	Member		Member		Member
7.	Mr. Margaret Ikongo	Member				Member
8.	Mr. William Mlaki	Member		Member	Chairman	

<sup>1</sup>BEC (Board Executive Committee)

<sup>2</sup>BARCC (Board Audit, Risk and Compliance Committee)

<sup>3</sup>BCC (Board Credit Committee)

<sup>4</sup>BHRRC (Board Human Resources and Remuneration Committee)

## Directors' Attendance and Remuneration List for the year 2011

	Board meeting	BHR&RC	BARCC	BCC	BEC	11 <sup>TH</sup> AGM	Board Effectiveness Workshop	Business Trip/Travel Expenses	Directors' fees & Remuneration in (TZS) 2011
Mr. Misheck Ngatunga	8	-	-	8	2	1	1	TZS 3,400,000/-	23,900,000/= (Telephone: 1,200,000/=)
Mr. Mike Laizer	7	4	6	-	-	1	1	TZS 350,000/-	19,300,000/=
Mr. Albert Jonkergouw	3	2	-	7	1	1	1	-	11,900,000/= (paid in EURO)
Mr. Bruce Dick	3	2	-	3	1	-	-	-	8,550,000/= (paid in EURO)
Mr. Protase Tehingisa	8	4	5	-	-	1	1	-	15,230,000/=
Mr. Jos Van Lange	5	-	4	-	-	-	-	-	15,400,000/= (paid in EURO)
Mr. Felix G. Masha	7	4	-	10	2	1	1	TZS 1,400,000/-	21,400,000/=
Mrs. Margaret Ikongo	7	4	-	-	-	1	1	-	17,200,000/=
Mr. William Mlaki	7	-	3	10	-	1	1	-	20,350,000/=
Mr. Yona Killagane	2	-	1	-	-	-	-	-	3,300,000/=

### Directors Evaluation

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

### Relationship with Auditors

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

### Company Secretary

The company secretary is Mrs Lilian Komwihangiro and she provides support and guidance to the Board on 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 2nd June 2012 at Mlimani City Hall, Dar es Salaam and participate in the affairs of the company.





**Close to support** your business

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

**NMB**

# NATIONAL MICROFINANCE BANK PLC

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

TABLE OF CONTENTS	PAGE NUMBER
Report of the Directors	38 - 45
Statement of Directors' responsibilities	46
Report of the independent auditor	47- 48
<i>Financial statements:</i>	
Profit and loss account	49
Balance sheet	50
Statement of changes in equity	51
Cash flow statement	52
Notes	53 - 100

# Report of the Directors

## For the Year Ended 31<sup>st</sup> December 2011

1 The Directors submit their report together with the audited financial statements for the year ended 31 December 2011, which disclose the state of affairs of National Microfinance Bank Plc ('the Bank').

### 2 INCORPORATION

The Bank is incorporated in Tanzania under the Companies Act 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 deposits on demand, provision of credit facilities and other commercial banking services and is licensed under the Banking and Financial Institutions Act, 2006.

### 6 COMPOSITION OF THE BOARD OF DIRECTORS

The Directors of the Bank at the date of this report and who have served since 01 January 2011, except where otherwise stated, are:-

#### Directors

No.	Name	Position	Age	Nationality	Qualification/ discipline	Date of appointment/ resignation
1	Mr Misheck Ngatunga	Chairman	72	Tanzanian	Economist/Banker	
2	Mr Mike Laizer	Member	60	Tanzanian	Economist	
3	Mr Protase Tehingisa	Member	65	Tanzanian	Lawyer	
4	Mr Albert Jonkergouw	Member	53	Dutch	Auditor	Appointed 28 May 2011
5	Mr Jos van Lange	Member	56	Dutch	Economist/Banker	
6	Mr Felix G. N. Mosha	Member	68	Tanzanian	Economist	
7	Mr Yona Killagane	Member	58	Tanzanian	Certified Public Accountant	Resigned 5 May 2011
8	Mrs Margaret T. M. Ikongo	Member	55	Tanzanian	Chartered Insurer	
9	Mr Bruce R. Dick	Member	63	Australian	Economist/Banker	Resigned 28 May 2011
10	Mr William Mlaki	Member	65	Tanzanian	Economist/Banker	

#### Alternate Directors

No.	Name	Position	Age	Nationality	Qualification/ discipline	Date of appointment/ resignation
1	Mr Amani Sinare	Member	45	Tanzanian	Certified Public Accountant	Resigned 5 May 2011

## 7 COMPANY SECRETARY

The Bank's secretary as at 31 December 2011 was Mrs. Lilian R. Komwihangiro.

## 8 CORPORATE GOVERNANCE

The Board of Directors consists of eight Directors. None of the Directors hold executive positions 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 Chief Executive Officer 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	Misheck Ngatunga	Chairman
2	Felix G N Mosha	Member
3	Albert Jonkergouw	Member

### Board Audit, Risk and Compliance Committee

No	Name	Position
1	Jos van Lange	Chairman
2	Mike Laiser	Member
3	Protase Tehingisa	Member
4	Yona Killagane	Member
5	William Mlaki	Member

### Board Human Resources and Remuneration Committee

No	Name	Position
1	Felix G N Mosha	Chairman
2	Mike Laiser	Member
3	Protase Tehingisa	Member
4	Albert Jonkergouw	Member
5	Margaret T.M. Ikongo	Member

### Board Credit Committee

No	Name	Position
1	William Mlaki	Chairman
2	Felix G N Mosha	Member
3	Albert Jonkergouw	Member



During the year, there were 8 Board meetings (4 of which were special meetings). There were also 10 Board Credit Committee meetings, 2 Board Executive Committee meetings, 4 Board Human Resources and Remuneration Committee meetings and 7 Board Audit, Risk and Compliance Committee meetings (3 of which were special meetings).

## 9 REMUNERATION POLICIES

The bank has in place processes and procedures in determining remuneration paid to its directors. Management normally prepares a proposal of fees and other emolument paid to directors after having conducted a market survey and consultation with the two largest shareholders (Government of Tanzania and Rabobank) 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 2 have been approved by the Board. The accounting policies for financial instruments form a significant part of the policies and are disclosed from (e) to (k) in Note 2. There have been no changes in accounting policies in the current year.

## 11 MANAGEMENT TEAM

The Management of the Bank is under the

Chief Executive Officer, assisted by the following:-

- Chief Operating Officer;
- Chief Financial Officer;
- Chief Human Resources Officer;
- Chief Risk Officer;
- Chief Information Officer; and
- Chief Commercial Officer.

## 12 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 (2010: 625,000,000 ordinary shares of TZS 40 each).

### Called up and fully paid

500,000,000 ordinary shares of TZS 40 each (2010: 500,000,000 ordinary shares of TZS 40 each).

Details of the capital management, regulatory capital and capital structure have been disclosed under Note 3.6.

## 13 SHAREHOLDERS OF THE BANK

The total number of shareholders during the year 2011 is estimated to be 19,950 (2010: 21,300) shareholders). None of the Directors are holding significant shares of the Bank. The following is a list of shareholders who individually owns 0.5% or more:

Name of the Shareholder	%	2011 number of shares	2010 number of shares
CooperativeCentraleRaiffeisen-Boerenleenbank-B.A "Rabobank Nederland" (Rabobank)	34.9	174,500,000	174,500,000
The Treasury Registrar	31.8	158,901,800	158,901,800
National Investment Company Limited (NICOL)	6.6	33,000,000	33,000,000
Exim Bank (Tanzania) Limited	4.6	22,975,904	22,975,904
SCB (T) Nominee Limited	2.0	9,801,749	-
Aunali F.Rajabali	1.7	8,378,418	6,998,920
Sajjad F.Rajabali	1.6	8,099,569	6,186,974
Standard Bank Plc	1.3	6,666,872	-
Parastatal Pension Fund (PPF)	0.8	4,138,786	4,138,786
National Social Security Fund (NSSF)	0.7	3,379,261	3,379,261
TCCIA Investment Company Limited	0.5	2,611,886	8,680,957

## 14 STOCK EXCHANGE INFORMATION

In 2008 the Bank was listed with Dar es Salaam Stock Exchange. The share price at the year end was TZS 850 (2010: TZS 660). Market capitalisation as at 31 December 2011 was TZS 425,000 million (31 December 2010: TZS 330,000 million).

## 15 FUTURE DEVELOPMENT PLANS

The Bank will continue to improve its profitability 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 continue to focus on improving productivity and introducing new products to the market.

## 16 PERFORMANCE FOR THE YEAR

During the year the Bank had a net profit of TZS 71,839 million (2010: TZS 53,981 million). In addition, the following achievements were recorded in the year:-

- The Bank recorded a profit before tax of TZS 102,786 million (2010: TZS 78,445 million); and
- Total assets increased to TZS 2,170,250 million (2010: TZS 2,110,908 million).

The audited financial statements for the year are set out on pages 49 to 100.

## 17 CASH FLOW PROJECTION

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. The future cash flow projections of the Bank will be significantly affected by the timing of capital expenditure commitment which for year 2012 is expected to be TZS 41.7 billion (2011: TZS 29.6 billion).

## 18 BORROWING

The bank engaged in borrowings from other banks as part of its day to day liquidity management and more so in foreign currency funding.

## 19 DIVIDEND

The Directors propose payment of a dividend of TZS 50 per share, amounting to TZS 25 billion. In 2010, a dividend of TZS 36.00 per share, amounting to TZS 18 billion was approved and paid.

## 20 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.

## 21 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 operational, fraud and financial risks facing the Bank:

### Fraud risk

There is a general increase in fraudulent transactions in the Banking industry in Tanzania. The Bank may incur significant losses resulting from fraudulent transactions. However, controls are in place designed at mitigating fraud risk.

### 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 3 to the financial statements.

## 22 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 behaviours 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 of 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 2011 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.

## 23 KEY PERFORMANCE INDICATORS

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	Industry average ratios	NMB ratios	
		2011	2011	2010
Return on equity	Net profit/Total equity	16%	25%	23%
Return on assets	Net profit/Total assets	2%	3%	3%
Cost to income ratio	Total costs/Net income	70%	60%	61%
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	9%	12%	9%
Non - interest income to Gross income	Non - interest income/Total income	41%	32%	36%
Earnings per share	Basic earnings/ Number of ordinary shares in issue	N/A	144%	108%
Gross loans to customers to customer deposits	Total loans to customers/Total deposits from customers	62%	62%	48%
Non - performing loans to gross loans	Non - performing loans/Gross loans and advances	6%	2%	4%
Earning assets to total assets	Earning assets/Total assets	76%	76%	77%
Growth on total assets	Trend (2011 total assets – 2010 total assets/2010 total assets)	11%	3%	26%
Growth on loans and advances to customers	Trend (2011 loans and advances – 2010)/2010 loans)	26%	31%	28%
Growth on customer deposits	Trend (2011 deposits - 2010 deposits/2010 deposits)	14%	-1%	25%
Capital adequacy				
Tier 1 Capital	Risk weighted assets including Off balance sheet items/CORE CAPITAL	17%	22%	23%
Tier 1+Tier 2 Capital	Risk Weighted assets including off-balance sheet items/TOTAL CAPITAL	17%	22%	23%

## 24 SERIOUS PREJUDICIAL MATTERS

In the opinion of the directors, there are no serious unfavourable matters that can affect the Bank.

## 25 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.

## 26 EMPLOYEES' WELFARE

### Management and employees' relationship

There was continued good relation between employees and management for the year 2011. 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.

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 1,724 million (2010: TZS 2,349) 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 (dependants) 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 qualifies to be a defined contribution plan.

The number of employees during the year was 2,650 (2010: 2,610).

## 27 GENDER PARITY

The Bank had 2,650 employees, out of which 1,535 were male and 1,115 were female (2010: female 1,106, male 1,504).

## 28 RELATED PARTY TRANSACTIONS

All related party transactions and balances are disclosed in note 33 to the financial statements.



## 29 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 570 million (2010: TZS 503 million).

## 30 RELATIONSHIP WITH STAKEHOLDERS

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

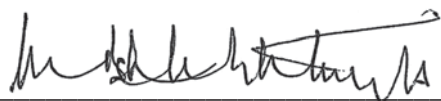
## 31 CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Bank encourages its employees' initiatives on participating in the CSR activities. Various activities were carried out during the year including supporting schools by providing school desks, helping people at orphanage centres and others.

## 32 AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office and are eligible for re-appointment. A resolution proposing an appointment of the Bank's auditors for the year ending 31 December 2012 will be put to the Annual General Meeting.

BY ORDER OF THE BOARD



MISHECK NGATUNGA - CHAIRMAN

30 March 2012

# Statement of Directors Responsibilities

## For the Year Ended 31<sup>st</sup> December 2011

---

The Directors are required by the Companies Act, CAP 212 Act No. 12 of 2002 to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the Bank as at the end of the financial year and of its profit or loss for the year. The Directors are also obliged to ensure that the Bank keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Bank. They are also responsible for safeguarding the assets of the Bank.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS) and the requirements of Companies Act, CAP 212 Act No. 12 of 2002. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Bank and of its profit in accordance with International Financial Reporting Standards (IFRS). The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

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



MISHECK NGATUNGA - CHAIRMAN

30 March 2012

# Report of the Independent Auditor To the Members of National Microfinance Bank PLC

---

## Report on the Financial Statements

We have audited the accompanying financial statements of National Microfinance Bank Plc ("the Bank"), which comprise the balance sheet at 31 December 2011, the profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Companies Act, CAP 212 Act No. 12 of 2002 and for such internal control, as the directors determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on the 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 our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

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

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

### Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the Bank's financial affairs at 31 December 2011 and of its profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Companies Act, CAP 212 Act No. 12 of 2002.

## Report on Other Legal and Regulatory Requirements

This report, including the opinion, has been prepared for, and only for, the Bank's members as a body in accordance with the Companies Act, CAP 212 Act No. 12 of 2002 and for no other purposes.

As required by the Companies Act, CAP 212 Act No. 12 of 2002, we are also required to report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Bank has not kept proper accounting records, if the financial statements are not in agreement with the accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Bank is not disclosed. In respect of the foregoing requirements, we have no matter to report.

PricewaterhouseCoopers  
Certified Public Accountants  
Dar es Salaam



Signed by Michael M Sallu

30 March 2012

# Financial Statements

## For the Year Ended 31<sup>st</sup> December 2011

### PROFIT AND LOSS ACCOUNT

	Notes	2011 TZS'Millions	2010 TZS'Millions
Interest and similar income	5	193,005	141,442
Interest and similar expenses	6	(7,832)	(11,032)
<b>Net interest income</b>		<b>185,173</b>	<b>130,410</b>
Loan impairment charges	17	(11,752)	(1,674)
<b>Net interest income after loan impairment</b>		<b>173,421</b>	<b>128,736</b>
Fee and commission income	7	67,995	54,426
Fee and commission expense		(856)	(1,583)
<b>Net fee and commission income</b>		<b>67,139</b>	<b>52,843</b>
<b>Total operating income</b>		<b>240,560</b>	<b>181,579</b>
Foreign exchange income	8	7,437	12,489
Other income	9	6,845	4,257
Staff costs	10	(63,646)	(46,460)
Other operating expenses	11	(88,410)	(73,420)
<b>Profit before income tax</b>		<b>102,786</b>	<b>78,445</b>
Income tax expense	12	(30,947)	(24,464)
<b>Profit for the year</b>		<b>71,839</b>	<b>53,981</b>
<b>Earnings per share</b>			
Basic and diluted earnings per share (TZS)	13	143.68	107.96

### STATEMENT OF COMPREHENSIVE INCOME

	Notes	2011 TZS'Millions	2010 TZS'Millions
<b>Profit for the year</b>		<b>71,839</b>	<b>53,981</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>71,839</b>	<b>53,981</b>



## BALANCE SHEET

	Notes	2011 TZS'Millions	2010 TZS'Millions
<b>ASSETS</b>			
Cash and balances with Bank of Tanzania	15	430,243	399,227
Loans and advances to banks	16	172,737	152,306
Loans and advances to customers	17	1,123,518	857,785
Investment securities held-to-maturity	18	361,943	633,964
Equity investments	19	3,805	2,831
Other assets	20	8,688	9,106
Property and equipment	21	58,805	48,604
Intangible assets	22	846	977
Current income tax		3,546	1,657
Deferred income tax	23	6,119	4,446
<b>TOTAL ASSETS</b>		<b>2,170,250</b>	<b>2,110,903</b>
<b>LIABILITIES</b>			
Deposits from banks		31,970	29,442
Deposits from customers	24	1,804,699	1,812,647
Other liabilities	25	45,099	34,472
Provisions	26	4,123	3,822
<b>TOTAL LIABILITIES</b>		<b>1,885,891</b>	<b>1,880,383</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	27	20,000	20,000
Retained earnings		262,633	210,520
Regulatory reserve		1,726	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>284,359</b>	<b>230,520</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2,170,250</b>	<b>2,110,903</b>

The financial statements on pages 49 to 100 were authorised for issue by the Board of Directors and signed on its behalf by:



MISHECK NGATUNGA - CHAIRMAN

30 March 2012

## STATEMENT OF CHANGES IN EQUITY

	Share capital TZS'Millions	Retained earnings TZS'Millions	Regulatory reserve TZS'Millions	Total Equity TZS'Millions
<b>Year ended 31 December 2011</b>				
At start of year	20,000	210,520	-	230,520
<b>Comprehensive income</b>				
Profit for the year	-	71,839	-	71,839
Other comprehensive income	-	-	-	-
Total comprehensive income		71,839	-	71,839
Transfer to regulatory reserve	-	(1,726)	1,726	-
<b>Transactions with owners</b>				
Dividends paid	-	(18,000)	-	(18,000)
<b>At end of year</b>	<b>20,000</b>	<b>262,633</b>	<b>1,726</b>	<b>284,359</b>
<b>Year ended 31 December 2010</b>				
At start of year	20,000	170,034	2,205	192,239
<b>Comprehensive income</b>				
Profit for the year	-	53,981	-	53,981
Other comprehensive income	-	-	-	-
Total comprehensive income	-	53,981	-	53,981
Transfer from regulatory reserve	-	2,205	(2,205)	-
<b>Transactions with owners</b>				
Dividends paid	-	(15,700)	-	(15,700)
<b>At end of year</b>	<b>20,000</b>	<b>210,520</b>	<b>-</b>	<b>230,520</b>

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.

## CASH FLOW STATEMENT

	Notes	2011 TZS'Millions	2010 TZS'Millions
<b>Cash flows from operating activities</b>			
Interest receipts		194,190	139,036
Interest payments		(7,949)	(10,845)
Net fee and commission receipts		67,139	52,843
Other income received (foreign exchange and other income)		14,443	15,872
Payments to employees and suppliers		(153,347)	(109,827)
Income tax paid		(34,508)	(27,930)
Cash flows from operating activities before changes in operating assets and liabilities		79,968	59,149
Changes in operating assets and liabilities:			
Loans and advances		(264,457)	(183,786)
Investment securities held-to-maturity		138,392	(49,057)
Statutory Minimum Reserves (SMR)		(19,955)	(22,091)
Other assets		(418)	3,073
Deposits from customers		(7,948)	353,249
Other liabilities		10,627	16,776
Deposits from banks		2,528	29,442
Net cash (used in)/generated from operating activities		(61,263)	206,755
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	21	(21,249)	(24,664)
Purchase of intangible assets	22	(522)	(812)
Proceeds from sale of property and equipment	32	23	
Acquisition of shares in other companies	19	(974)	(2,831)
Net cash used in investing activities		(22,713)	(28,284)
<b>Cash flows from financing activities</b>			
Dividends paid	14	(18,000)	(15,700)
Net cash used in financing activities		(18,000)	(15,700)
<b>Net (decrease)/ increase in cash and cash equivalents</b>			
Cash and cash equivalents at start of year		587,578	424,130
Effects of exchange rate changes on cash and cash equivalents		(161)	677
<b>Cash and cash equivalents at end of year</b>	28	485,441	587,578

## NOTES

### 1 GENERAL INFORMATION

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 follows:

NMB House  
Azikiwe /Jamhuri Street  
PO Box 9213  
Dar es Salaam

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

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### (a) Basis of preparation

The Bank's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). Additional information required by the Tanzania Companies Act 2002 is included where appropriate.

The financial statements comprise the profit and loss account, statement of comprehensive income, the balance sheet, statement of changes in equity, cash flow statement and the notes. The measurement basis applied in the preparation of these financial statements is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in Tanzania shillings (TZS) and the amounts are rounded to the nearest million, except where otherwise indicated.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Bank's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The directors believe that the underlying assumptions are appropriate and that the Bank's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

#### (i) Amended standards which became effective during the year

During the year, the amendments to the following standards became effective

Standard/ interpretation	Content	Applicable for financial years beginning on/after
IAS 1	Presentation of financial statements	1 January 2011
IAS 24	Related party disclosures	1 January 2011
IFRS 7	Financial instruments disclosure	1 January 2011

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## (a) Basis of preparation (continued)

## (i) Amended standards which became effective during the year (continued)

The amendment to IAS 1 and IAS 24 had no significant impact to the Bank's financial statements.

The amendments to IFRS 7, 'Financial Instruments - Disclosures' are part of the 2010 Annual Improvements and emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. The amendments have also removed the requirement to disclose the following:

- Maximum exposure to credit risk if the carrying amount best represents the maximum exposure to credit risk;
- Fair value of collaterals; and
- Renegotiated loans that would otherwise be past due but not impaired.

The application of the above amendment simplified financial risk disclosures made by the Bank.

## (ii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the bank

During the year, new standards, amendments and interpretations to several existing accounting standards were issued but are not yet effective. The directors have assessed the relevance of the amendments and interpretations with respect to the Bank's operations and concluded that they do not have a material impact on the Bank's financial statements.

## (b) 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 and loss account using the effective interest method.

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

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

## (c) Fee and commission income

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



## NOTES (CONTINUED)

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

#### (c) Fee and commission income (continued)

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.

#### (d) Foreign currency translation

Transactions are recorded on initial recognition in Tanzania Shillings, being the currency of the primary economic environment in which the Bank operates (the functional currency). Transactions in foreign currencies during the year are converted into the Tanzania Shillings using the exchange rates prevailing at the dates of the transaction. 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 and loss account.

#### (e) Financial assets

The 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 Bank intends to sell immediately or in the short term, which are classified as held for trading, and those that the Bank upon initial recognition designates as at fair value through profit or loss;
- (b) those that the Bank 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 balance sheet as loans and advances to other banks or customers or as investment securities. Interest on loans is included in the profit and loss account 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 and loss account 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 Bank's 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.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## (e) Financial assets (continued)

## (ii) Held-to-maturity investments (continue)

Interest on held-to-maturity investments is included in the profit and loss account and reported as 'Interest and similar income'. In the case of an impairment, the impairment loss is reported as a deduction from the carrying value of the investment and recognised in the income statement as 'net gains/(losses) on investment securities'. Held-to-maturity investments include corporate bonds.

## (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.

## (f) Recognition of financial assets

The Bank 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 balance sheet as 'Assets pledged as collateral', if the transferee has the right to sell or repledge them.

## (g) 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.

## (h) Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indicators that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, LIBOR yield curve, FX rates, volatilities and counterparty spreads) existing at the balance sheet date.

## NOTES (CONTINUED)

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

#### (h) Determination of fair value (continued)

In cases when the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less impairment. The fair value for loans and advances as well as liabilities to banks and customers are determined using a present value model on the basis of contractually agreed cash flows, taking into account credit quality, liquidity and costs.

The fair values of contingent liabilities and irrevocable loan commitments correspond to their carrying amounts.

#### (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) Reclassification of financial assets

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:

<i>Item on balance sheet</i>	<i>Class</i>
<b>Financial assets</b>	
Cash and cash equivalent	Loans and receivables
Loans and advances to banks	Loans and receivables
Loans and advances to customer	Loans and receivables
Investment securities	Held to maturity
Other assets	Loans and receivables
<b>Financial liabilities</b>	
Deposits from banks	Financial liabilities at amortised cost
Deposits from customers	Financial liabilities at amortised cost
Other liabilities	Financial liabilities at amortised cost

#### (k) Impairment of financial assets

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

The Bank assesses at each balance sheet date 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:

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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 and loss account in impairment charge for credit losses.

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

The Bank assesses at each balance sheet date 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 and loss account. Impairment

## NOTES (CONTINUED)

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

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

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

losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account. 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 and loss account.

##### (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) 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 2011.

#### (m) Income tax

Income tax expense is the aggregate of the charge to the profit and loss account in respect of current income tax and deferred income tax. Current income tax is the amount of income tax payable on the taxable profit for the period determined in accordance with the Tanzanian Income Tax Act.

Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit/loss, it is not accounted for. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet 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 only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.



## NOTES (CONTINUED)

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

#### (n) Provisions

Provisions are recognised when the Bank 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.

#### (o) Property and equipment

Premises and equipment are stated at historical cost less depreciation. Depreciation is provided on the straight line basis so as to write down the cost of assets to their residual values over their useful economic lives, at the following rates:-

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

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date. 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 and loss account.

#### (p) Intangible assets

Acquired computer software licences 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).

#### (q) 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.

#### (r) Employee benefits

##### (i) Retirement benefit obligations

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

##### (ii) Other entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date is recognised as an expense accrual.

## NOTES (CONTINUED)

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

#### (s) 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.

#### (t) Leases

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

The leases entered into by the Bank are operating leases. The total payments made under operating leases are charged to other operating expenses in the profit and loss account on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

#### (u) Associates

Associates are all entities over which the Bank has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost

In the separate financial statements, investments in associates are carried at fair value and classified as available-for-sale

The Bank's share of its associates' postacquisition profits or losses is recognised in the profit and loss account, and its share of postacquisition movements in reserves is recognised in reserves. When the Bank's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Bank does not recognise further losses unless it has incurred obligations or made payments on behalf of the associate.

#### (v) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Bank has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Bank controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Bank. They are deconsolidated from the date that control ceases.

The Bank uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Bank. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Bank recognises any non-controlling interest in the

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Subsidiaries (continued)

acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Bank's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between Bank companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Bank.

In the separate financial statements, investments in subsidiaries are carried at fair value and classified as available-for-sale.

(w) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet 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.

(x) Contingencies and commitments

Transactions are classified as contingencies where the bank's obligations depend on uncertain future events. Items are classified as commitments where the bank commits itself to future transactions if the items will result in the acquisition of assets.

*Financial guarantees*

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

*Acceptances and letters of credit*

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

(y) Comparatives

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

(z) Segment reporting

In accordance with IFRS 8, the Bank has the following business segments: Treasury, Retail and Corporate banking.

### NOTES (CONTINUED)

### 3 FINANCIAL RISK MANAGEMENT

#### (z) Segment reporting (continued)

Following the management approach to IFRS 8, operating segment 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 2011 is as follows (all amounts in TZS million):

	Treasury		Wholesale Banking		Retail Banking		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Interest income	<b>38,174</b>	36,751	<b>36,291</b>	28,557	<b>118,540</b>	76,134	<b>193,005</b>	141,442
Interest expense	<b>(26,725)</b>	(25,912)	<b>(14,275)</b>	(15,310)	<b>33,168</b>	30,190	<b>(7,832)</b>	(11,032)
Net Interest Income	<b>11,449</b>	10,839	<b>22,016</b>	13,247	<b>151,708</b>	106,323	<b>185,173</b>	130,410
Credit impairment charges	-	-	<b>(3,388)</b>	687	<b>(8,364)</b>	(2,361)	<b>(11,752)</b>	(1,674)
Non-interest income	<b>6,891</b>	12,718	<b>11,147</b>	7,220	<b>63,383</b>	49,651	<b>81,421</b>	69,589
Depreciation and amortization	<b>(824)</b>	(881)	<b>(1,432)</b>	(995)	<b>(9,189)</b>	(6,486)	<b>(11,445)</b>	(8,361)
Staff costs	<b>(4,585)</b>	(4,893)	<b>(7,963)</b>	(5,528)	<b>(51,098)</b>	(51,098)	<b>(63,646)</b>	(46,460)
Other expenses	<b>(5,544)</b>	(6,852)	<b>(9,630)</b>	(7,740)	<b>(61,791)</b>	(35,407)	<b>(76,965)</b>	(65,059)
<b>Operating profit</b>	<b>7,387</b>	10,931	<b>10,750</b>	6,891	<b>84,649</b>	60,623	<b>102,786</b>	78,445
Income tax provision	<b>(2,640)</b>	(3,409)	<b>(1,925)</b>	(2,149)	<b>(26,382)</b>	(18,906)	<b>(30,947)</b>	(24,464)
<b>Profit after tax</b>	<b>4,747</b>	7,522	<b>8,825</b>	4,742	<b>58,267</b>	41,717	<b>71,839</b>	53,981
Total assets	<b>964,923</b>	1,185,497	<b>375,965</b>	240,629	<b>829,362</b>	680,955	<b>2,170,250</b>	2,107,081
Total liabilities	<b>31,970</b>	29,442	<b>864,146</b>	925,695	<b>985,652</b>	921,424	<b>1,881,768</b>	1,876,561

## NOTES (CONTINUED)

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

#### 3.1 Credit risk

The Bank takes on exposure to credit risk, which is the risk that a 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.

##### 3.1.1 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').

These credit risk measurements, which reflect expected loss (the 'expected loss model'), are embedded in the Bank's daily operational management. The operational measurements can be contrasted with impairment allowances required under IAS 39, which are based on losses that have been incurred at the balance sheet date (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	Description of the grade
1	Current
2	Especially mentioned
3	Sub-standard
4	Doubtful
5	Loss



## 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

## 3.1.2 Risk limit control and mitigation policies

## (a) Lending limits

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

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

## (b) Collateral

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

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

Longer-term finance and lending to corporate entities are generally secured while revolving individual credit facilities are generally unsecured. In addition, in order to minimise the credit loss the Bank will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument.

Debt securities, treasury and other eligible bills are generally unsecured.

**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 and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, 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 commitments to extend credit are contingent upon

## NOTES (CONTINUED)

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1.2 Risk limit control and mitigation policies (continued)

##### (b) Collateral (continued)

##### Credit-related commitments (continued)

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.

#### 3.1.3 Impairment and provisioning policies

Impairment provisions are recognised for financial reporting purposes only for losses that have been incurred at the balance sheet date based on objective evidence of impairment.

The impairment provision shown in the balance sheet 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 2011		31 December 2010	
	Loans and advances to customers	Impairment provision	Loans and advances to customers	Impairment provision
Micro and Small Enterprises (MSEs)	107,826	1,940	113,426	5,420
Consumer	619,265	7,720	454,916	7,581
Corporate customers	239,276	2,733	243,161	2,532
Small and Medium size Enterprises (SMEs)	172,840	3,296	63,247	1,432
	<b>1,139,207</b>	<b>15,689</b>	<b>874,750</b>	<b>16,965</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 2 [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.

## NOTES (CONTINUED)

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1.3 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 2011		31 December 2010	
	Loans and advances (%)	Impairment provision (%)	Loans and advances (%)	Impairment provision (%)
1. Current	91.3	0.8	90.4	0.9
2. Especially mentioned	5.5	0.6	7.3	0.9
3. Sub-standard	1.7	0.6	0.7	0.9
4. Doubtful	0.8	61	0.6	55
5. Loss	0.7	61	1.0	55
	100	1.4	100	1.9

#### 3.1.4 Maximum exposure to credit risk before collateral held or other credit enhancement

75% of the total maximum exposure is derived from loans and advances to banks and customers (2010: 76%); 6% represents investments in debt securities (2010: 4%).

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:

- 96.8% of the loans and advances portfolio is categorised in the top two grades of the internal rating system (2010: 97.7%);
- 78% of the loans and advances portfolio are considered to be neither past due nor impaired (2010: 76%);
- The Bank has introduced a more stringent selection process upon granting loans and advances; and
- All investment securities are Government Treasury bills and Treasury bonds

## NOTES (CONTINUED)

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1.5 Loans and advances

Loans and advances are summarised as follows: Amounts are in TZS Millions.

	31 December 2011		31 December 2010	
	Loans and advances to customers	Loans and advances to banks	Loans and advances to customers	Loans and advances to banks
Neither past due nor impaired	896,824	170,664	792,182	152,306
Past due but not impaired	227,978	-	66,659	-
Impaired	14,405	-	15,909	-
<b>Gross</b>	<b>1,139,207</b>	<b>170,664</b>	<b>874,750</b>	<b>152,306</b>
Less: allowance for impairment	(15,689)	-	(16,965)	-
<b>Net</b>	<b>1,123,518</b>	<b>170,664</b>	<b>857,785</b>	<b>152,306</b>
Portfolio allowance	(6,231)	-	(4,876)	-
Individually impaired	(9,458)	-	(12,089)	-
	<b>(15,689)</b>	<b>-</b>	<b>(16,965)</b>	<b>-</b>

The total impairment provision for loans and advances is TZS 15,689 million (2010: TZS 16,965 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 17.

During the year ended 31 December 2011, the Bank's total loans and advances increased by 30.2% 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 guaranteed Salary 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:

	2011 TZS Millions	2010 TZS Millions
MSE's	100,871	106,178
Consumer loans	406,877	405,983
Corporate customers	232,316	215,872
SMEs	156,760	64,149
	<b>896,824</b>	<b>792,182</b>
Loans and advances to banks	<b>170,664</b>	<b>152,306</b>

## NOTES (CONTINUED)

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1.5 Loans and advances (continued)

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

90% 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.

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

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

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

31 December 2011	Individual (retail) customers		Corporate customers		Total
	MSEs	Consumer	Corporate customers	SMEs	
Past due up to 30 days	2,839	129,388	6,219	4,110	142,556
Past due 30 - 60 days	1,624	59,164	-	1,823	62,611
Past due 60 - 90 days	663	9,738	-	910	11,311
Past due 90 – 180 days	781	6,779	-	825	8,385
Past due 180 days – 270 days	16	-	742	1,970	2,728
Past due 270 days and above	-	-	-	387	387
<b>Total</b>	<b>5,923</b>	<b>205,069</b>	<b>6,961</b>	<b>10,025</b>	<b>227,978</b>

31 December 2010	Individual (retail) customers		Corporate customers		Total
	MSEs	Consumer	Corporate customers	SMEs	
Past due up to 30 days	2,697	21,206	25,882	1,211	50,996
Past due 30 - 60 days	381	3,386	-	400	4,167
Past due 60 - 90 days	250	2,054	-	230	2,534
Past due 90 – 180 days	463	4,499	-	1,551	6,513
Past due 180 days – 270 days	6	-	-	-	6
Past due 270 days and above	2,443	-	-	-	2,443
<b>Total</b>	<b>6,240</b>	<b>31,145</b>	<b>25,882</b>	<b>3,392</b>	<b>66,659</b>



## NOTES (CONTINUED)

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1.5 Loans and advances (continued)

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

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

##### (c) Loans and advances individually impaired

The amount of individually impaired loans and advances as at 31 December 2011 was TZS 14,405 million (2010: 15,909 million).

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

	2011 TZS Millions	2010 TZS Millions
MSEs	1,344	4,280
Consumer loans	3,937	3,192
Corporate customers	3,133	5,265
SMEs	5,991	3,172
	<u>14,405</u>	<u>15,909</u>

##### (d) Amounts due from banks

The total gross amount of individually impaired amounts due from banks as at 31 December 2011 was Nil (2010: Nil). No collateral is held by the Bank, and no impairment provision has been provided against the gross amount.

#### 3.1.6 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 balance sheet date, these investments were not impaired. There are no credit ratings for these investments.

#### 3.1.7 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.

#### 3.1.8 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 2011. For this table, the Bank has allocated exposures to regions based on the country of domicile of its counterparties (Amounts are in TZS' Millions)

NOTES (CONTINUED)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

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

(a) Geographical sectors (continued)

	Tanzania	Europe	America	Others	Total
Balances with the Bank of Tanzania	243,606	-	-	-	243,606
Loans and advances to banks	115,821	18,637	38,268	11	172,737
Investment securities held to maturity	361,943	-	-	-	361,943
Loans and advances to customers:					
Loans to individuals:					
- MSEs	105,886	-	-	-	105,886
- Consumer loans	611,545	-	-	-	611,545
Loans to corporate entities:					
- Corporate customers	236,543	-	-	-	236,543
- SMEs	169,544	-	-	-	169,544
Other assets	3,490	-	-	-	3,490
<b>As at 31 December 2011</b>	<b>1,848,378</b>	<b>18,637</b>	<b>38,268</b>	<b>11</b>	<b>1,905,294</b>
Credit risk exposures relating to off-balance sheet assets are as follows:					
Guarantees and Indemnities	230	-	-	-	230
Overdraft	47,829	-	-	-	47,829
Acceptances and letters of credit	11,338	-	-	-	11,338
<b>As at 31 December 2011</b>	<b>59,397</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>59,397</b>

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

**31 December 2011**

Balances with the Bank of Tanzania  
Loans and advances to banks  
Investment securities held to maturity  
Loans and advances to customers:  
Loans to individuals:  
- MSEs  
- Consumer loans  
Loans to corporate entities:  
- Corporate customers  
- SMEs  
Other assets

**As at 31 December 2011**

Credit risk exposures relating to off-balance sheet assets are as follows:  
Guarantees and Indemnities  
Overdraft  
Acceptances and letters of credit

**As at 31 December 2011**

**NOTES (CONTINUED)**  
**3 FINANCIAL RISK MANAGEMENT (CONTINUED)**

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

**(a) Geographical sectors (continued)**

	Tanzania	Europe	America	Others	Total	
<b>31 December 2010</b>						
Credit risk exposures relating to on-balance sheet assets are as follows:						
Balances with the Bank of Tanzania	235,074	-	-	-	235,074	
Loans and advances to banks	126,251	15,852	10,197	6	152,306	
Investment securities held to maturity	633,964	-	-	-	633,964	
Loans and advances to customers:						
Loans to individuals:						
- MSEs	108,006	-	-	-	108,006	
- Consumer loans	447,335	-	-	-	447,335	
Loans to corporate entities:						
- Corporate customers	240,629	-	-	-	240,629	
- SMEs	61,815	-	-	-	61,815	
Other assets	402	-	-	-	402	
<b>As at 31 December 2010</b>	<b>1,853,476</b>	<b>15,852</b>	<b>10,197</b>	<b>6</b>	<b>1,879,531</b>	

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

Guarantees and Indemnities	154	-	-	-	154
Overdraft	72,168	-	-	-	72,168
Acceptances and letters of credit	553	-	-	-	553
<b>As at 31 December 2010</b>	<b>72,875</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>72,875</b>

## NOTES (CONTINUED)

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

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

##### (b) Industry sectors

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

	Financial institutions	Manufacturing	Trading and commercial	Transport and communication	Wholesale and retail	Agriculture	Individuals	Others	Total
Balances with the Bank of Tanzania	243,606								243,606
Loan and advances to banks	172,737	-	-	-	-	-	-	-	172,737
Investment securities held to maturity	361,943	-	-	-	-	-	-	-	361,943
Loans and advances to customers:									
Loans to individuals:									
- MSEs	-	-	18,073	1,322	66,401	6,020	1,458	12,612	105,886
- Consumer loans	-	-	-	-	-	-	598,511	13,034	611,545
Loans to corporate entities:									
- Corporate customers	2,222	103,735	62,536	26,208	-	2,561	-	39,281	236,543
- SMEs	8,418	2,449	10,164	3,394	53,504	32,061	52,795	6,759	169,544
Other assets	-	-	-	-	-	-	-	3,490	3,490
<b>As at 31 December 2011</b>	<b>788,926</b>	<b>106,184</b>	<b>90,773</b>	<b>30,924</b>	<b>119,905</b>	<b>40,642</b>	<b>652,764</b>	<b>75,176</b>	<b>1,905,294</b>
Credit risk exposures relating to off-balance sheet assets are as follows:									
Guarantees and Indemnities								230	230
Overdraft	-	9,921	28,093	-	9,590	-	-	182	47,829
Acceptances and letters of credit								11,338	11,338
<b>As at 31 December 2011</b>	<b>-</b>	<b>9,921</b>	<b>28,093</b>	<b>-</b>	<b>9,590</b>	<b>-</b>	<b>11,750</b>	<b>11,750</b>	<b>59,397</b>

NOTES (CONTINUED)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

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

(b) Industry sectors (continued)

	Financial institutions	Manufacturing	Trading and commercial	Transport and communication	Wholesale trade	Agriculture	Individuals	Others	Total
Balances with the Bank of Tanzania	235,074								235,074
Loans and advances to other banks	152,306	-	-	-	-	-	-	-	152,306
Investment securities held to maturity	633,964	-	-	-	-	-	-	-	633,964
Loans and advances to customers:									
Loans to individuals:									
- MSEs	-	2,227	4,506	1,151	46,972	44,019	967	8,164	108,006
- Consumer loans	-	79	42	4	377	19	446,570	244	447,335
Loans to corporate entities:									
- Corporate customers	-	180,506	385	48,511	-	1,002	-	10,225	240,629
- SMEs	-	1,413	5,358	1,240	44,291	1,125	742	7,646	61,815
Other assets	-	-	-	-	-	-	-	402	402
<b>As at 31 December 2010</b>	<b>1,021,344</b>	<b>184,225</b>	<b>10,291</b>	<b>50,906</b>	<b>91,640</b>	<b>46,165</b>	<b>448,279</b>	<b>26,681</b>	<b>1,879,531</b>
Credit risk exposures relating to off-balance sheet assets are as follows:									
Guarantees and Indemnities	-	-	154	-	-	-	-	-	154
Overdraft	826	-	46,004	48	903	21,701	1,737	949	72,168
Acceptances and letters of credit	-	-	-	-	-	-	-	553	553
<b>As at 31 December 2010</b>	<b>826</b>	<b>-</b>	<b>46,158</b>	<b>48</b>	<b>903</b>	<b>21,701</b>	<b>1,737</b>	<b>1,502</b>	<b>72,875</b>

## 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

## 3.2 Market risk

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

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

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

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

## 3.2.1 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.

**Foreign exchange sensitivity analysis**

The Bank maintains minimal currency positions throughout the year and these are driven primarily by customer flows. The Bank's balance sheet is denominated mostly in TZS with less than 5% of the balance being denominated in foreign currencies. Accordingly, no stress testing is done for any currency mismatches with the understanding that any mismatch can be squared out in the market.

The table below summarises the Bank's exposure to foreign currency exchange rate risk at 31 December 2011. Included in the table are the Bank's financial instruments at carrying amounts, categorised by currency (all amounts expressed in millions of Tanzania Shillings).



**NOTES (CONTINUED)**  
**3 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**3.2 Market risk (continued)**

**3.2.1 Foreign exchange risk (continued)**

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

<b>As at 31 December 2011</b>		<b>TZS</b>	<b>USD</b>	<b>EURO</b>	<b>GBP</b>	<b>Others</b>	<b>Total</b>
<b>Assets</b>							
Cash and balances with Bank of Tanzania	407,995	19,945	2,167	136	-		430,243
Loans and advances to banks	112,843	55,793	1,236	2,854	11		172,737
Investment securities held to maturity	361,943	-	-	-	-		361,943
Loans and advances to customers	1,121,894	1,624	-	-	-		1,123,518
Equity investments	3,805	-	-	-	-		3,805
Other assets	3,490	-	-	-	-		3,490
<b>Total financial assets</b>	<b>2,011,970</b>	<b>77,362</b>	<b>3,403</b>	<b>2,990</b>			<b>2,095,736</b>
<b>Liabilities</b>							
Deposits from customers	1,763,573	39,899	958	269	-		1,804,699
Deposits from banks	-	28,699	2,048	1,223	-		31,970
Other liabilities	45,099	-	-	-	-		45,099
<b>Total financial liabilities</b>	<b>1,808,672</b>	<b>68,598</b>	<b>3,006</b>	<b>1,492</b>	<b>-</b>		<b>1,881,768</b>
Net on-balance sheet financial position		203,298	8,764	397	1,498	11	213,968
Off balance sheet position:							
Credit commitments	47,829	-	-	-	-	-	47,829

**NOTES (CONTINUED)**  
**3 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**3.2 Market risk (continued)**

**3.2.1 Foreign exchange risk (continued)**

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

<b>As at 31 December 2010</b>									
<b>Assets</b>									
Cash and balances with Bank of Tanzania	376,516	21,701	880	130	399,227				
Loans and advances to banks	128,518	20,850	2,171	767	152,306				
Investment securities held to maturity	633,964	-	-	-	633,964				
Loans and advances to customers	828,994	28,791	-	-	857,785				
Equity investments	2,831	-	-	-	2,831				
Other assets	402	-	-	-	402				
<b>Total financial assets</b>	<b>1,971,225</b>	<b>71,342</b>	<b>3,051</b>	<b>897</b>	<b>2,046,515</b>				
<b>Liabilities</b>									
Deposits from customers	1,772,536	39,799	308	4	1,812,647				
Deposits from banks	29,442	-	-	-	29,442				
Other liabilities	34,472	-	-	-	34,472				
<b>Total financial liabilities</b>	<b>1,836,450</b>	<b>39,799</b>	<b>308</b>	<b>4</b>	<b>1,876,561</b>				
Net on-balance sheet financial position	134,775	31,543	2,743	893	169,954				
Off balance sheet position:									
Credit commitments	71,227	941	-	-	72,168				

## NOTES (CONTINUED)

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.3 Market risk (continued)

##### 3.2.2 Interest rate risk

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

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

As at 31 December 2011						
Assets						
Cash and balances with Bank of Tanzania Investment securities held to maturity Loan and advances to banks Loans and advances to customers Other assets	Up to 1 month TZS 'Millions'	1-3 months TZS 'Millions'	3-12 months TZS 'Millions'	1-5 years TZS 'Millions'	Over 5 TZS 'Millions'	Non-interest bearing TZS 'Millions'
	Total TZS Millions'					
	-	-	-	-	-	-
	27,866	61,592	204,793	41,346	26,346	430,243
	47,607	29,583	-	-	-	-
64,571	85,180	238,942	700,066	34,759	95,547	
-	-	-	-	-	-	1,123,518
-	-	-	-	-	3,490	3,490

NOTES (CONTINUED)  
3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Market risk (continued)

3.2.2 Interest rate risk

As at 31 December 2010							
Assets							
Cash and balances with Bank of Tanzania	Up to 1 month TZS 'Millions'	1-3 months TZS 'Millions'	3-12 months TZS 'Millions'	1-5 years TZS 'Millions'	Over 5 TZS 'Millions'	Non-interest bearing TZS 'Millions'	Total TZS Millions'
Investment securities held to maturity	-	-	-	-	-	399,227	399,227
Loans and advances to banks	59,461	163,625	360,179	11,399	57,114	-	651,778
Loans and advances to customers	90,150	-	15,000	-	-	47,156	152,306
Other assets	11,941	9,999	229,289	602,255	4,302	-	857,786
	-	-	-	-	-	402	402
<b>Total financial assets</b>	<b>161,552</b>	<b>173,624</b>	<b>604,468</b>	<b>613,654</b>	<b>61,416</b>	<b>446,785</b>	<b>2,061,499</b>
Liabilities							
Deposits from customers	114,681	114,047	252,968	34,997	-	1,295,954	1,812,647
Other borrowed funds	14,682	-	14,760	-	-	-	29,442
Other liabilities	-	-	-	-	-	34,472	34,472
<b>Total financial liabilities</b>	<b>129,363</b>	<b>114,047</b>	<b>267,728</b>	<b>34,997</b>	<b>-</b>	<b>1,330,426</b>	<b>1,876,561</b>
<b>Total interest repricing gap</b>	<b>32,189</b>	<b>59,577</b>	<b>336,740</b>	<b>578,657</b>	<b>61,416</b>	<b>-</b>	<b>-</b>

## NOTES (CONTINUED)

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.2 Market risk (continued)

##### 3.2.2 Interest rate risk (continued)

##### Interest rate risk sensitivity

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

2011 Sensitivity period	Weighted average	Non Interest Bearing Funding	Net position	Impact
Less than 30 days	5,039	120,927	(115,888)	1,159
1 year	276,130	637,811	(361,680)	3,617
2010				
Less than 30 days	3,937	94,495	(82,158)	(822)
1 year	249,566	495,420	(245,853)	(2,459)

#### 3.3 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.

##### 3.3.1 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 balance sheet 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 3.3.3).

## NOTES (CONTINUED)

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.2 Market risk (continued)

##### 3.3.2 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.

##### 3.3.3 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 balance sheet date. The amounts disclosed in the table below are the contractual undiscounted cash flows. (Amounts are in TZS millions):

As at 31 December 2011	Up to1 months	1-3 months	3-12 months	Over 1 year
<b>Liabilities</b>				
Deposits from customers	1,779,866	11,448	5,363	9,615
Deposits from banks	19,108	-	12,862	-
Other liabilities	65,522	-	-	-
<b>Total liabilities</b>	<b>1,864,496</b>	<b>11,448</b>	<b>18,225</b>	<b>9,615</b>
<b>Total assets</b>	<b>678,097</b>	<b>176,355</b>	<b>443,908</b>	<b>782,926</b>
<b>As at 31 December 2010</b>				
<b>Liabilities</b>				
Deposits from customers	1,410,634	114,047	252,968	34,997
Deposits from banks	14,682	-	14,760	-
Other liabilities	34,472	-	-	-
<b>Total liabilities</b>	<b>1,459,788</b>	<b>114,047</b>	<b>267,728</b>	<b>34,997</b>
<b>Total assets</b>	<b>638,067</b>	<b>173,624</b>	<b>604,468</b>	<b>632,407</b>

##### 3.3.4 Assets held for managing liquidity risk

The Bank holds a diversified portfolio of cash and high-quality highly-liquid securities to support payment obligations and contingent funding in a stressed market environment. The Bank's assets held for managing liquidity risk comprise:

- Cash and balances with the Bank of Tanzania;
- Treasury and other eligible bills;
- Placements with other banks; and
- Loans and advances to customers.

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.



## NOTES (CONTINUED)

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.2 Market risk (continued)

#### 3.4 Off-balance sheet items

##### (a) Loan commitments

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 29), are summarised in the table below.

##### (b) Financial guarantees and other financial facilities

Financial guarantees (Note 30) are also included below based on the earliest contractual maturity date.

	No later than 1 year TZS'Millions	1 – 5 years TZS'Millions	Over 5 years TZS'Millions	Total TZS'Millions
<b>As at 31 December 2011</b>				
Outstanding letters of credit, guarantees and indemnities	11,568	-	-	11,568
Commitments to extend credit	47,829	-	-	47,829
<b>Total</b>	<b>59,397</b>	<b>-</b>	<b>-</b>	<b>59,397</b>
<b>As at 31 December 2010</b>				
Outstanding letters of credit, guarantees and indemnities	707	-	-	707
Commitments to extend credit	72,168	-	-	72,168
<b>Total</b>	<b>72,875</b>	<b>-</b>	<b>-</b>	<b>72,875</b>

#### 3.5 Fair value of financial assets and liabilities

Financial instruments not measured at fair value

The following table summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the Bank's balance sheet at their fair values (amounts in TZS Millions):

	Carrying values		Fair value	
	2011	2010	2011	2010
<b>Financial assets</b>				
Cash and balances with Bank of Tanzania	430,243	399,227	430,243	399,227
Investment securities held-to-maturity	361,943	633,964	362,091	606,276
Loan and advances to banks	172,737	152,306	172,737	152,306
Loans and advances to customers	1,123,518	857,785	1,123,518	857,785
<b>Financial liabilities</b>				
Deposits from customers	1,804,699	1,812,647	1,804,699	1,812,647
Deposits from banks	31,970	29,442	31,970	29,442

## NOTES (CONTINUED)

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.2 Market risk (continued)

#### 3.6 Capital management

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of balance sheets, 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 BoT requires each bank or banking group to: (a) hold the minimum level of the regulatory capital of TZS 5 billion, and (b) maintain a ratio of total regulatory capital to the risk-weighted asset (the 'Basel ratio') at or above the internationally agreed minimum of 12%.

The Bank's regulatory capital as managed by its Treasury 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 unrealised gains arising on the fair valuation of equity instruments held as available for sale.

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 2011 and year ended 31 December 2010. During those two periods, the Bank complied with all of the externally imposed capital requirements to which they are subject.

## NOTES (CONTINUED)

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.2 Market risk (continued)

#### 3.6 Capital management (continued)

Tier 1 capital	2011 TZS'M	2010 TZS'M
Share capital	20,000	20,000
Retained earnings	262,633	210,520
Prepaid expenses and deferred charges	(5,198)	(4,882)
Total qualifying Tier 1 capital	277,435	225,638
Tier 2 capital		
Regulatory reserve	1,726	-
Total qualifying Tier 2 capital	1,726	-
Total regulatory capital	279,161	225,638
Risk-weighted assets		
On-balance sheet	1,213,885	887,543
Off-balance sheet	59,397	72,875
<b>Total risk-weighted assets</b>	<b>1,273,282</b>	<b>960,418</b>
	<b>Bank's ratio 2011</b>	<b>Required ratio 2011</b>
		%
Tier 1 capital	22%	10%
Tier 1 + Tier 2 capital	22%	12%

The increase of the regulatory capital in the 2011 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 2011.

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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 Bank's accounting policies.

The Bank 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 Bank reviews its loan portfolios to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the income statement, the Bank 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 bank.

**(b) Held to maturity investments**

The Bank follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Bank evaluates its intention and ability to hold such investments to maturity. If the Bank fails to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – it will be required to reclassify the entire class as available-for-sale. The investments would therefore be measured at fair value not amortised cost. If all held to maturity investments were to be reclassified as at 31 December 2011 the carrying value would increase by TZS 148 million in the fair value reserve account in shareholders equity.

## NOTES (CONTINUED)

### 5 INTEREST AND SIMILAR INCOME

	2011 TZS'Millions	2010 TZS'Millions
Loans and advances to customers	154,832	104,691
Government securities	30,967	34,943
Placements with other banks	7,206	1,808
	<u>193,005</u>	<u>141,442</u>

There is no interest income from impaired financial assets (2010: Nil).

### 6 INTEREST AND SIMILAR EXPENSES

Saving deposits	6,152	10,412
Current accounts	232	8
Time deposits	520	529
Deposits from banks	928	83
	<u>7,832</u>	<u>11,032</u>

### 7 FEES AND COMMISSION INCOME

Commissions	42,561	30,024
Fees	24,805	24,173
Drafts and transfers	629	229
	<u>67,995</u>	<u>54,426</u>

### 8 FOREIGN EXCHANGE INCOME

Foreign currency trading	6,891	12,292
Others	546	197
	<u>7,437</u>	<u>12,489</u>

### 9 OTHER OPERATING INCOME

Miscellaneous income	6,770	4,211
Rent received	38	26
Profit on sale of property and equipment	37	20
	<u>6,845</u>	<u>4,257</u>

### 10 STAFF COSTS

	2011	
Salaries and allowances	44,444	34,120
Pension costs - defined contribution plan	5,470	4,199
Other emoluments	13,732	8,141
	<u>63,646</u>	<u>46,460</u>

## NOTES (CONTINUED)

### 11 OTHER OPERATING EXPENSES

	2011 TZS'Millions	2010 TZS'Millions
Administrative expenses	52,371	44,430
Depreciation and amortisation	11,445	8,361
Management contract expenses	3,525	2,681
Travelling expenses	4,936	3,397
Repairs and maintenance	11,510	9,095
Auditors' remuneration	345	320
Directors' remuneration:	-	-
Fees	72	155
Others	208	164
Other expenses	3,998	4,817
	<u>88,410</u>	<u>73,420</u>

### 12 INCOME TAX EXPENSE

Tax expense for the year is arrived at as follows:

Current income tax – current year	31,972	25,448
Current income tax – prior years	647	2,696
Deferred income tax – current year	(993)	(1,743)
Deferred income tax – prior years	(679)	(1,937)
	<u>30,947</u>	<u>24,464</u>

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

	2011 TZS'Millions	2010 TZS'Millions
Profit before income tax	<u>102,786</u>	<u>78,445</u>
Tax calculated at the statutory income tax rate of 30% (2010:30%)	30,836	23,534
Tax effect of:		
Depreciation on non-qualifying assets	63	-
Expenses not deductible for tax purposes	77	283
Income not subject to tax	3	(112)
Prior year deferred tax and current income tax	(32)	759
Income tax expense	<u>30,947</u>	<u>24,464</u>



## NOTES (CONTINUED)

### 13 EARNINGS PER SHARE

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:

	2011 TZS'Millions	2010 TZS'Millions
Net profit attributable to shareholders	71,839	53,981
Weighted average number of shares in issue in millions (Note 27)	500	500
Basic and diluted earnings per share	<u>143.68</u>	<u>107.96</u>

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

### 14 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 50 per share, amounting to TZS 25,000 million out of 2011 profit. In 2010, dividend of TZS 36.00 per share, amounting to TZS 18,000 million was approved and paid.

### 15 CASH AND BALANCES WITH BANK OF TANZANIA

	2011 TZS'Millions	2010 TZS'Millions
Cash in hand	186,637	164,153
Balances with Bank of Tanzania		
- local currency	32,696	44,995
- foreign currency	3,913	3,037
Statutory Minimum Reserves (SMR)	206,997	187,042
	<u>430,243</u>	<u>399,227</u>

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 28). Balances with Bank of Tanzania are non-interest bearing.

### 16 LOANS AND ADVANCES TO BANKS

	2011 TZS'Millions	2010 TZS'Millions
Placement with local banks	103,030	119,106
Balances with banks abroad	56,916	26,055
Cheques and items for clearing from other banks	<u>12,791</u>	<u>7,145</u>
	<u>172,737</u>	<u>152,306</u>
Current	<u>172,737</u>	<u>152,306</u>

NOTES (CONTINUED)

17 LOANS AND ADVANCES TO CUSTOMERS

	2011 TZS'Millions	2010 TZS'Millions
Loans to customers	1,102,664	844,180
Staff loans	36,543	30,570
Gross loans and advances	1,139,207	874,750
Less: allowance for impairment	(15,689)	(16,965)
	<u>1,123,518</u>	<u>857,785</u>
Current	901,875	623,521
Non current	237,332	251,229
	<u>1,139,207</u>	<u>874,750</u>

The movements in allowance for impairment of loans and advances by class is as follows; (Amounts are in TZS Millions).

	Individual (retail) customers		Corporate entities		
	MSEs	Consumer	SMEs	Corporate	Total
<b>Balance at 1 January 2011</b>	5,420	7,581	1,432	2,532	16,965
Increase/(decrease) in allowance for loan impairment	1,624	6,740	3,052	336	11,752
Write-offs	(5,104)	(6,601)	(1,188)	(135)	(13,028)
<b>At 31 December 2011</b>	<b>1,940</b>	<b>7,720</b>	<b>3,296</b>	<b>2,733</b>	<b>15,689</b>
<b>Balance at 1 January 2010</b>	2,615	8,504	2,260	3,219	16,598
Increase in allowance for loan impairment	3,720	(923)	(436)	(687)	1,674
Write offs	(915)	-	(392)	-	(1,307)
<b>At 31 December 2010</b>	<b>5,420</b>	<b>7,581</b>	<b>1,432</b>	<b>2,532</b>	<b>16,965</b>

## NOTES (CONTINUED)

### 18 INVESTMENT SECURITIES HELD-TO-MATURITY

	2011 TZS'Millions	2010 TZS'Millions
<b>Treasury Bills and Bonds:</b>		
Maturing within 91 days	89,458	223,087
Maturing after 91 days	245,510	368,214
	<u>334,968</u>	<u>591,301</u>
Recapitalisation bond	26,975	26,975
Loans and Advances Realisation Trust (LART) bond	-	15,688
	<u>361,943</u>	<u>633,964</u>

The LART Bond attracts an interest rate of 11%. This is received on a quarterly basis. 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 of 5.5% (2010: 9.69%)

### 19 EQUITY INVESTMENTS

The Bank has made equity investments in three companies shown below. All the companies are at development stage.

Company name	2011 TZS'Millions	% age Shareholding	2010 TZS' Millions	% age Shareholding
Upanga Joint Venture Company Limited	1,324	32.00	950	32.00
Ohio Street Properties Limited	1,281	50.00	1,281	50.00
Tanzania Mortgage Refinance Company	1,200	14.63	600	21.00
	<u>3,805</u>		2,831	

The directors believe that costs of the investments approximate the fair values at the reporting date. Upanga Joint Venture Company Limited and Ohio Street Properties Limited have not yet started operations and funds invested are held in bank accounts.

NOTES (CONTINUED)  
20 OTHER ASSETS

	2011 TZS'Millions	2010 TZS'Millions
Service fees receivable	3,196	2,014
Prepayments	5,198	4,882
Other receivables	142	2,930
Staff imprest	313	-
Less: impairment provision for other receivables	(161)	(720)
	<u>8,688</u>	<u>9,106</u>
Current	<u>8,688</u>	<u>9,106</u>

The movements in provision for impairment of other receivables is as follows:

	2011 TZS'Millions	2010 TZS'Millions
Balance at 1 January 2011	(720)	(1,271)
Release of provision	559	551
Balance at 31 December 2011	<u>(161)</u>	<u>(720)</u>

21 **NOTES (CONTINUED)**  
**PROPERTY AND EQUIPMENT**

	<b>Buildings</b>	<b>Motor vehicles</b>	<b>Computers, Furniture, fittings and equipment</b>	<b>Capital Work in Progress</b>	<b>Total</b>
	<b>TZS' Millions</b>	<b>TZS' Millions</b>	<b>TZS' Millions</b>	<b>TZS' Millions</b>	<b>TZS' Millions</b>
At 1 January 2010					
Cost	17,943	3,033	30,125	9,963	61,064
Accumulated depreciation	(5,947)	(2,367)	(20,895)	-	(29,209)
<b>Net book value</b>	<b>11,996</b>	<b>666</b>	<b>9,230</b>	<b>9,963</b>	<b>31,855</b>
<b>Year ended 31 December 2010</b>					
Opening net book value	11,996	666	9,230	9,963	31,855
Additions	9,092	685	6,215	8,672	24,664
Transfer	(400)	-	914	(510)	-
Write off	-	-	-	(278)	(278)
Disposals	-	-	(9)	-	(9)
Depreciation charge	(1,973)	(348)	(5,311)	-	(7,632)
<b>Closing net book value</b>	<b>18,715</b>	<b>1,003</b>	<b>11,039</b>	<b>17,847</b>	<b>48,604</b>
<b>At 31 December 2010</b>					
Cost	26,633	3,678	36,742	17,847	84,900
Accumulated depreciation	(7,918)	(2,675)	(25,703)	-	(36,296)
<b>Net book value</b>	<b>18,715</b>	<b>1,003</b>	<b>11,039</b>	<b>17,847</b>	<b>48,604</b>
<b>Year ended 31 December 2011</b>					
Opening net book value	18,715	1,003	11,039	17,847	48,604
Additions	113	-	7,831	13,305	21,249
Transfer from work in progress	4,401	714	14,268	(19,383)	-
Write off	-	-	-	(217)	(217)
Disposals	-	-	(19)	(20)	(39)
Depreciation charge	(2,726)	(428)	(7,638)	-	(10,792)
<b>Closing net book value</b>	<b>20,503</b>	<b>1,289</b>	<b>25,481</b>	<b>11,532</b>	<b>58,805</b>
<b>At 31 December 2011</b>					
Cost	31,147	4,311	58,481	11,532	105,471
Accumulated depreciation	(10,644)	(3,022)	(33,000)	-	(46,666)
<b>Net book value</b>	<b>20,503</b>	<b>1,289</b>	<b>25,481</b>	<b>11,532</b>	<b>58,805</b>

No property and equipment has been pledged as security for liabilities (2010: None).

22 **NOTES (CONTINUED)**  
**INTANGIBLE ASSETS**

	2011 Computer software TZS'Millions	2010 Computer software TZS'Millions
<b>Movement during the year</b>		
At start of year	977	1,279
Additions	522	812
Adjustments	-	(385)
Amortisation	(653)	(729)
<b>At end of year</b>	<b>846</b>	<b>977</b>
<b>At 31 December</b>		
Cost	6,226	5,703
Accumulated amortisation	(5,380)	(4,726)
<b>Net book amount</b>	<b>846</b>	<b>977</b>

No intangible asset has been pledged as security for liabilities (2010: None)

23 **DEFERRED INCOME TAX**

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:

	2011 Computer software TZS'Millions	2010 Computer software TZS'Millions
At start of year	(4,446)	(766)
Profit and loss account current year (Note 12)	(993)	(1,743)
Profit and loss account prior year (Note 12)	(679)	(1,937)
<b>At the end of year</b>	<b>(6,119)</b>	<b>(4,446)</b>

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

	1 January 2011 2011 TZS'Millions	Prior period profit and loss TZS'Millions	Credited to profit and loss TZS'Millions	31 December 2011 TZS'Millions
Deferred income tax asset				
Property and equipment	(3,170)	(17)	433	(2,756)
Provisions	(1,276)	(662)	(1,426)	(3,363)
	<b>(4,446)</b>	<b>(679)</b>	<b>(993)</b>	<b>(6,119)</b>



## NOTES (CONTINUED)

### 24 DEPOSITS FROM CUSTOMERS

	2011 TZS'Millions	2010 TZS'Millions
Current accounts	864,146	925,695
Personal accounts	916,079	851,955
Time deposit accounts	17,254	18,866
Special deposits	7,220	16,131
	<u>1,804,699</u>	<u>1,812,647</u>
Current	1,795,958	1,777,650
Non current	8,741	34,997
	<u>1,804,699</u>	<u>1,812,647</u>

### 25 OTHER LIABILITIES

Accrued expenses	15,185	9,714
Refundable deposits	8,644	7,696
Bills payable	7,036	2,621
Sundry liabilities	14,234	14,441
	<u>45,099</u>	<u>34,472</u>
Current	<u>45,099</u>	<u>34,472</u>

### 26 PROVISIONS

Potential losses from frauds	3,269	3,822
Potential losses from legal cases	854	-
	<u>4,123</u>	<u>3,822</u>
Movement during the year		
At start of year	3,822	1,000
Increase in provision	3,111	2,822
Release of provision	(2,810)	-
At end of year	<u>4,123</u>	<u>3,822</u>

### 27 SHARE CAPITAL

Authorised 625,000,000 ordinary shares of TZS 40 each	25,000	25,000
Called up and fully paid 500,000,000 ordinary shares of TZS 40 each	20,000	20,000
	<u>20,000</u>	<u>20,000</u>

## NOTES (CONTINUED)

### 28 CASH AND CASH EQUIVALENTS

	2011 TZS'Millions	2010 TZS'Millions
Cash and balances with Bank of Tanzania (Note 15)	430,243	399,227
Less: Statutory Minimum Reserves (Note 15)	(206,997)	(187,042)
Government securities (Note 18)	89,458	223,087
Loans and advances to banks (Note 16)	172,737	152,306
	<u>485,441</u>	<u>587,578</u>

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, Government securities, and Placement with other banks. Cash and cash equivalents exclude the cash reserve requirement held with the Bank of Tanzania.

### 29 FINANCIAL INSTRUMENTS BY CATEGORY

	Loans and receivables TZS'Millions	Held to maturity TZS'Millions	Available for sale TZS'Millions	Total TZS'Millions
<b>31 December 2011</b>				
<b>Financial assets</b>				
Cash and balances with Bank of Tanzania	430,423	-	-	430,423
Investment securities held-to-maturity	-	361,943	-	361,943
Placements with other banks	172,737	-	-	172,737
Loans and advances to customers	1,123,518	-	-	1,123,518
Equity investments	-	-	3,805	3,805
Other assets excluding prepayment	3,490	-	-	3,490
	<u>1,730,168</u>	<u>361,943</u>	<u>3,805</u>	<u>2,095,916</u>

#### Financial liabilities

	Financial liabilities at fair value through profit or loss	Other liabilities at amortised cost	Total
Deposits from customers	-	1,804,699	1,804,699
Deposits from banks	-	31,970	31,970
Other liabilities excluding statutory obligations	-	42,507	42,507
	<u>-</u>	<u>1,879,176</u>	<u>1,879,176</u>

## NOTES (CONTINUED)

### 29 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

31 December 2010

#### Financial assets

	Loans and receivables TZS'Millions	Held to maturity TZS'Millions	Available for sale TZS'Millions	Total TZS'Millions
Cash and balances with Bank of Tanzania	399,227	-	-	399,227
Government securities held-to-maturity	-	633,964	-	633,964
Placements with other banks	152,306	-	-	152,306
Loans and advances to customers	857,785	-	-	857,785
Equity investments	-	-	2,831	2,831
Other assets excluding prepayment	4,224	-	-	4,224
	<b>1,413,542</b>	<b>633,964</b>	<b>2,831</b>	<b>2,050,337</b>

#### Financial liabilities

	Financial liabilities at fair value through profit or loss	Other liabilities at amortised cost	Total
Deposits from customers	-	1,812,647	1,812,647
Deposits from banks	-	29,442	29,442
Other liabilities excluding statutory obligations	-	32,417	32,417
	<b>-</b>	<b>1,874,506</b>	<b>1,874,506</b>

### 30 CONTINGENT LIABILITIES AND COMMITMENTS

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 2011, 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:-

## NOTES (CONTINUED)

### 30 CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

	2011 TZS'Millions	2010 TZS'Millions
<b>Commitments</b>		
Guarantees and Indemnities	230	154
Overdraft	47,829	72,168
Acceptances and letters of credit	11,338	553
	<u>59,397</u>	<u>72,875</u>

#### 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.

#### Legal claims

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

#### Capital commitment

As at 31 December 2011, the Bank had capital commitments of TZS 41.8 billion (2010: 29.7 billion) in respect of new branches, branch remodelling, equipment and information technology. The expenditure contracted as at the balance sheet date but not yet incurred is as follows:

	2011 TZS'Millions	2010 TZS'Millions
Information technology	10,893	8,770
New branches	1,500	4,300
Branch and business centres remodelling	10,980	8,605
Other including equipment, vehicles and furniture	15,373	7,992
Songambebe Project	3,011	-
	<u>41,757</u>	<u>29,667</u>

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

## NOTES (CONTINUED)

### 30 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:-

	2011 TZS'Millions	2010 TZS'Millions
Not later than 1 year	5,384	451
Later than 1 year and no later than 5 years	10,839	2,496
Later than 5 years	1,313	1,316
<b>Total</b>	<b>17,536</b>	<b>4,263</b>

### 31 EFFECTIVE INTEREST RATES OF FINANCIAL ASSETS AND LIABILITIES

The effective interest rates for the principal financial assets and liabilities at 31 December 2011 and 2010 were as follows:

	2011	2010
Government securities	5.47%	6.03%
Deposits with banking institutions	5.25%	1.43%
Loans and advances to customers	14.47%	14.60%
Customer deposits	0.38%	0.51%
Deposits from banks	2.15%	1.68%

### 32 BANK SHAREHOLDING

The shareholding of the Bank is as shown below:

Name of the Shareholder	31 December 2011 No. of Shares	% age Shareholding
Cooperative Centrale Raiffeisen-Boerenleenbank		
B.A "Rabobank Nederland" (Rabobank)	174,500,000	34.9%
Treasury Registrar	158,901,800	31.8%
Public	67,545,755	13.5%
National Investment Company (NICO)	33,000,000	6.6%
Exim Bank (Tanzania) Limited	22,975,904	4.6%
SCB (T) Nominee Limited	9,801,749	2.0%
Aunali F.Rajabali	8,378,418	1.7%
Sajjad F.Rajabali	8,099,569	1.6%
Standard Bank Plc	6,666,872	1.3%
Parastatal Pension Fund (PPF)	4,138,786	0.8%
National Social Security Fund (NSSF)	3,379,261	0.7%
TCCIA Investment Company Limited	2,611,886	0.5%
	<b>500,000,000</b>	<b>100%</b>

## NOTES (CONTINUED)

### 33 RELATED PARTY TRANSACTIONS

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

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

#### (a) Loans and advances to related parties

At 31 December 2011 there were no loans issued to companies controlled by Directors or their families. Advances to customers at 31 December 2011 include loans to key management personnel as follows:

	2011 TZS'Millions	2010 TZS'Millions
At start of year	251	176
Advanced during the year	371	178
Repaid during the year	(42)	(103)
At end of year	580	251
Interest income earned	46	13

No provisions have been recognised in respect of loans given to related parties (2010: Nil). The loans issued to key management during the year 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	
	2011 TZS'Millions	2010 TZS'Millions	2011 TZS'Millions	2010 TZS'Millions
<b>Deposits</b>				
Deposits at the beginning of the year	12	16	29	18
Deposits received during the year	1,208	196	-	694
Deposits repaid during the year	(1,198)	(200)	(29)	(683)
Deposits as at the end of the year	22	12	-	29
Interest expense	-	-	-	-

The above deposits are unsecured, carry variable interest rate and are repayable on demand.



## NOTES (CONTINUED)

### 33 RELATED PARTY TRANSACTIONS (CONTINUED)

	2011 TZS'Millions	2010 TZS'Millions
<b>(c) Key management compensation</b>		
Salaries and other short-term benefits	599	514
Post employment benefits	90	77

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 3,525 million (2010: TZS 2,681 million) was paid to Rabobank during the year as management and technical assistance expenses.

Nostro balances with Rabobank at year end amounted to TZS 3,868 million (2010: TZS 4,586 million).

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

The Government of Tanzania owns 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 361,943 million (2010: TZS 633,964 million). The Bank also accepts deposits from various Government institutions and agencies. All deposits from Government do not attract interest.

#### **(f) Directors' remuneration**

Fees and other emoluments paid to Directors of the Bank during the period amounted to TZS 280 million (2010: TZS 219 million). Details of payment to individual directors will be tabled at the annual general meeting.

### 34 EVENTS AFTER BALANCE SHEET DATE

There were no events after the balance sheet date that had material impact to the financial statements.



**NMB** Chief Financial Officer, Waziri Barnabas hands over a ball to a primary school student in line with the **NMB Ball Program for primary schools.**

Witnessing the occasion are TFF and Anti Malaria Campaign officials

# NOTICE OF THE 12th ANNUAL GENERAL MEETING OF THE MEMBERS OF NATIONAL MICROFINANCE BANK (NMB) PLC

---

Notice is hereby given that the 12th Annual General Meeting of NMB shareholders will be held at Mlimani City Hall in Dar es Salaam on Saturday, 2nd June, 2012 at 10.00 a.m. The agenda will be as follows:

- 12.1 NOTICE AND QUORUM
- 12.2 ADOPTION OF THE AGENDA
- 12.3 CONFIRMATION OF THE MINUTES OF THE 11TH ANNUAL GENERAL MEETING HELD ON 28TH MAY 2011
- 12.4 MATTERS ARISING FROM THE PREVIOUS MINUTES
- 12.5 TO RECEIVE, CONSIDER AND ADOPT THE DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>st</sup> DECEMBER 2011
- 12.6 DIVIDEND DECLARATION FOR THE FINANCIAL YEAR 2011
- 12.7 TO RECEIVE AND APPROVE THE PROPOSAL FOR DIRECTORS' REMUNERATION
- 12.8 RESIGNATION AND APPOINTMENT OF DIRECTORS
- 12.9 TO RECEIVE AND APPROVE APPOINTMENT OF EXTERNAL AUDITORS FOR THE FINANCIAL YEAR 2012
- 12.10 ANY OTHER BUSINESS

## IMPORTANT NOTES:

1. Members wishing to attend the meeting must come with one of the following: a copy of his/her depository receipt, passport, voters card, share certificate or bank card.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his/her behalf in accordance with the provisions of the Articles of the Company. The proxy form must be deposited at the registered office of the company not later than 10.00 am Thursday, 31<sup>st</sup> May 2012.
3. Members wishing to attend the meeting will have to attend at their cost. Copies of annual report and proxy forms will be available in NMB branches.
4. Directors propose payment of a dividend of TZS 50 per share, amounting to TZS 25 billion out of 2011 profit. In 2010, a dividend of TZS 36 per share, amounting to TZS 18 billion was approved and paid.

Date of announcement of results:	- 11th May, 2012
Shares trading cum div:	- 11th May, 2012
Last day of trading cum-dividend:	- 30th May, 2012
Shares start trading ex-div:	- 31st May, 2012
Register Closing Date (Books Closure Date)	- 6th June, 2012
Payment of dividend:	- on or about 20th June, 2012

**By order of the Board.**



---

Lilian R. Komwihangiro  
Company Secretary

**May 11th, 2012**

# 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 12th ANNUAL GENERAL MEETING of the Company to be  
held at the Mlimani City Hall in Dar es Salaam on Saturday, 2nd June 2012, and at any  
adjournment thereof.

Signed this ..... day of ..... 2012

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.





**NMB** Dodoma Branch Manager holding the winning cup awarded to the Bank for being number one in tax compliance at National level

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

**NMB**



# Risk Report

## INTRODUCTION

NMB's vision is to be the preferred financial services partner in Tanzania. Its main goal is the realization 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 realize 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 Board of Directors, who also assume the responsibility to manage risk through the Board Audit, Risk and Compliance Committee. The Board risk appetite statement sets out principles, objectives and measurements to utilize NMB's costly and scarce resources: **its balance sheet, its capital and its reputation.**

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 utilizes its scarce resources carefully and economically. This prudence is applied in making strategic decisions and executing them.

NMB aims for a **low risk profile**, compared to other financial institutions, with important banking activities. 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 ratio. Maintaining its reputation requires reticence, strong soft controls and sometimes going on its own way.

The **low risk profile** should contribute to a greater stability of earnings whereby keeping away large incidental losses as much as possible.

## RISK MANAGEMENT FRAMEWORK



## 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. A strong presence in agriculture activities and keeping a low risk profile are prerequisites.

### Risk strategy

NMB desires to keep its strong and robust financials in order to safeguard its continuity. Therefore it does not wish to 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 very complex 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 with that also 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 is only given by the Product Approval Committee. NMB operates in full awareness of its fiduciary duty towards its customer. NMB demands full Know Your Customer (KYC) compliance for adequate understanding of each customer, right from the time of opening of bank accounts to the point of accessing of other banking services including credits.

### 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. They approve the risk appetite, risk strategy, and risk policies along with the embedded limits.

The CEO, CRO and the rest of the Management Team are assisted by key advisory and governance committees such as the Asset and Liabilities Committee (ALCO), Product Approval Committee (PAC), Management Risk and Compliance Committee (MRCC), Operations Committee (OPSCO) and Credit Committees (CREDCO) to effectively implement the Bank's Risk Management Policies and Procedures. The Board, through the BARCC periodically reviews and evaluates the activities and effectiveness of the Bank's Overall Risk Management Function.

The Chief Risk Officer (CRO) is responsible for the day-to-day implementation of the risk policies within NMB and proper functioning of the bank's Independent Risk Management 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, Market Risk and Procurement 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.

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 the event in question occur.

# History and Ownership

---

## History

National Microfinance Bank plc (NMB) is one of the largest commercial banks in Tanzania, providing banking services to individuals, small to medium sized corporate clients, as well as large businesses.

It 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.

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').

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.

Rabobank of the Netherlands continues to provide Management Services and Technical Assistance to NMB.

## Our Customers

NMB's customer base remains representative of Tanzania as a whole and includes government, civil servants, large corporate, SME's and MSME'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.

## Our People

Our staff, over 2,500 of them, are also shareholders in NMB and together with their families have a direct interest and stake in the long term success of NMB.

## Ownership

The total number of shareholders during the year 2011 is estimated to be 28,000.

*List of shareholders who individually own 0.5% or more shares*

Name of shareholder	Number of shares held	Percentage of shares held
Cooöperatieve Centrale Raiffeisen-Boerenleenbank B.A "Rabobank Nederland" (Rabobank)	174,500,000	34.9%
Treasury Registrar (Government of Tanzania)	158,901,800	31.8%
National Investment Company Limited (NICOL)	33,000,000	6.6%
Exim Bank (Tanzania) Limited	22,975,904	4.6%
Standard Chartered Bank (T) Nominee Limited	9,801,749	2.0%
Aunali F. Rajabali	8,378,418	1.7%
Sajjad F. Rajabali	8,099,569	1.6%
Standard Bank Plc	6,666,872	1.3%
Parastatal Pension Fund (PPF)	4,138,786	0.8%
National Social Security Fund (NSSF)	3,379,261	0.7%
TCCIA Investment Company Limited	2,611,886	0.5%

## Founder Members

### Rabobank Group

Rabobank is a full-range financial services provider operating on the basis of co-operative principles. Its origins are in the local loan co-operatives that were founded in the Netherlands nearly 110 year ago by enterprising people who had virtually no access to the capital market. The local Rabobanks that evolved from this have a strong tradition in the agricultural sector and in small and medium-sized enterprises.

Rabobank is one of the leading banks in the Netherlands. Rabobank Group employs more than 55,000 people who serve approximately 10 million clients in 48 countries. In terms of Tier I capital, Rabobank Group ranks among the world's 25 largest financial institutions. Rabobank Group has the highest credit rating, awarded by rating agencies Standard & Poor's, Moody's Investor Service and DBRS. For more information, please visit [www.rabobank.com](http://www.rabobank.com)

Other founder members of the Rabobank Consortium are Exim Bank (T) Limited, NICOL and TCCIA Investment Company Limited.

### Government of Tanzania

The Government of Tanzania holds 31.78% of the shares of NMB. It holds these shares through the Treasury Registrar in the Ministry of Finance and Economic Affairs.

### Non Founder Members

Public shareholders hold 20.3% of the shares of NMB. Of this, local NMB employees own 16,098,200 or 3.2% of the bank's shares.

### Foreign Investors

Foreign investors also hold 3.36% of NMB shares, directly as nominees.

Share performance		2011	2010	2009	2008
Basic and diluted earnings per share	Tzs	144	108	95	97
Dividends per share	Tzs	50	36	31	30
Closing share price	Tzs	850	660	810	970
Number of shares in issue	Millions	500	500	500	500
Dividend cover (times)		2.87	3.00	3.03	3.25
Net asset value per share	Tzs	569	461	384	319
Dividend yield - ordinary dividend	%	6%	5%	4%	3%
Earnings yield - ordinary dividend	%	17%	16%	12%	10%
Price to Book ratio		1.49	1.43	2.11	3.04
Price: Earnings ratio - ordinary shares		5.92	6.11	8.52	9.96
Market capitalisation	Tzs Millions	425,000	330,000	405,000	485,000
Net Assets	Tzs Millions	284,359	230,520	192,239	159,689
Volume of shares transacted	Millions	22.99	6.43	20.66	12.24
Exchange weighted share price (Tzs)	Tzs	786	758	805	1,057



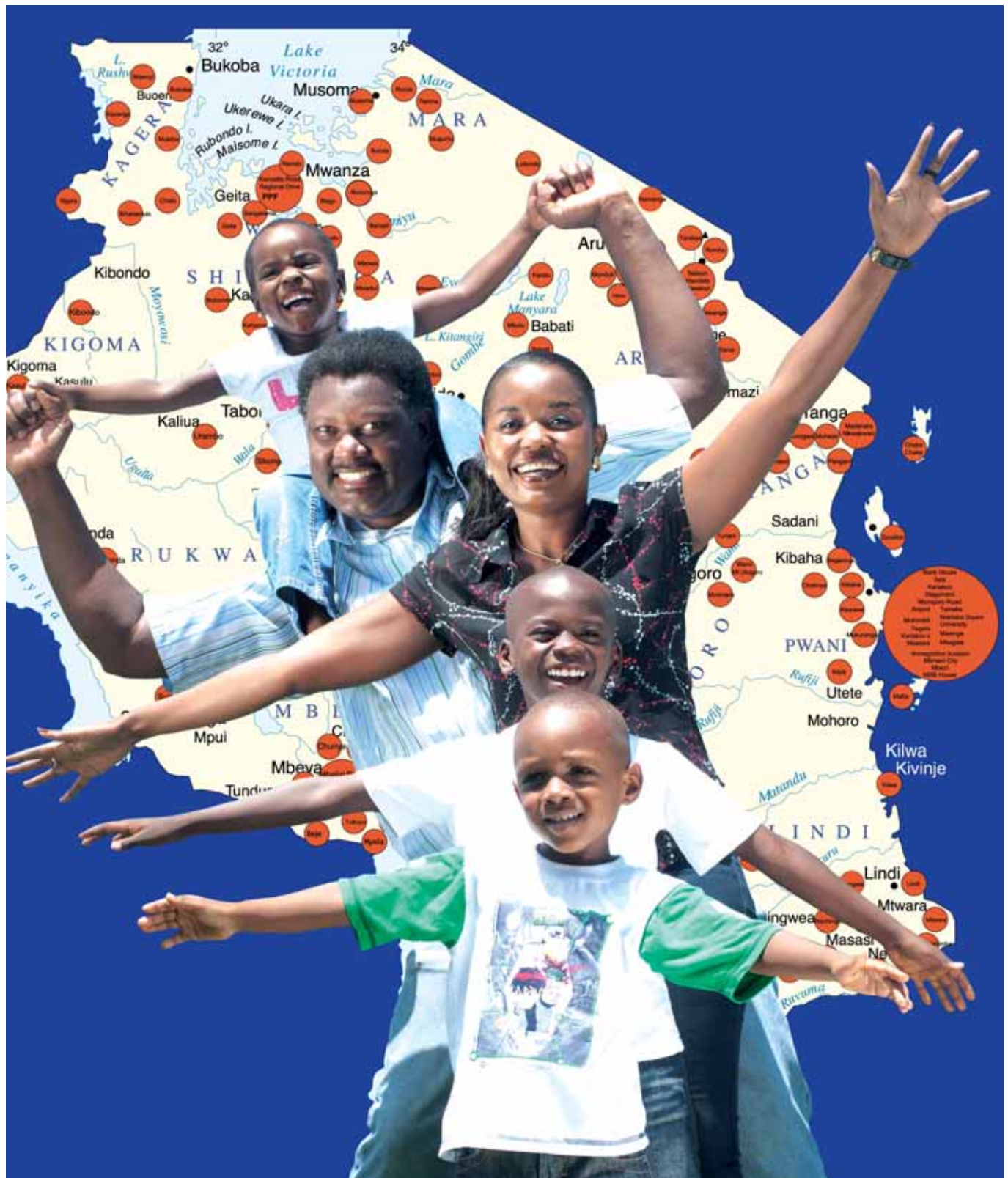


**Close to support** your corporate needs

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

**NMB**





**Close to you** everywhere in Tanzania

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

**NMB**

# Key Departments At NMB Head Office

---

1. Wholesale Banking	2161157
• Corporate Banking	2161026
• Transaction services	2161071
a) Cash management	
b) Trade	
• Agribusiness	2161184
• Government and public sector	2161157
2. Retail Banking	2161164
• Personal Banking	2161196
• MSME Banking	2161164
• Marketing and communication	2161155
3. Treasury	2161153
• Foreign exchange dealing	
• Money marketing dealing	
• Treasury sales	
4. Legal, company secretarial and investor relations	2161305
5. Customer queries	2161000

# NMB Directory

REGION	BRANCH/UNIT	CONTACT ADDRESS	TEL. DIRECT	TEL. GENERAL	FAX NO.
DAR ES SALAAM	Head Office	P.O. Box 9213, Dar es salaam	022 2161000	022 2161001	
	DSM Zonal Office	P.O. Box 4887, Dar es salaam	022 2128684	022 2128685	022 2128687
	Bank House	P.O. Box 9031, Dar es salaam	022 2115054	23 2116924	022 2116487
	Ilala	P.O. Box 25431, Dar es salaam	022 2203193	022 2203195	022 2203194
	Kariakoo	P.O. Box 15195, Dar es salaam		022 2180034	022 2180090
	Magomeni	P.O. Box 10930, Dar es salaam	022 2171173	022 2170070	022 2170622
	Morogoro Road	P.O. Box 9064, Dar es salaam	022 2116947	022 2138945	022 2128542
	Muhimbili	P.O. Box 65589, Dar es salaam		0222152055	
	Mwenge	P.O. Box 31597, Dar es salaam	022 2700927	022 2700931	022 2700928
	Temeke	P.O. Box 45075, Dar es salaam	022 2856852	022 2856181	022 2856915
	University	P.O. Box 35199, Dar es salaam	022 2410183	022 2410183	022 2410183
	Mbagala	P.O. Box 45067, Dar es salaam	073 2990191	073 2990192	073 2990193
	Msasani	P.O. Box 33841, Dar es salaam	022 2668871	022 2666191	022 2668872
	NMB House	P.O. Box 2653, Dar es salaam	022 2161005	022 2161008	022 2161006
	Mlimani City	P.O. Box 34115, Dar es salaam	022 2411182	022 2411181	022 2411183
	Airport	P.O. Box 40951, Dar es salaam	022 2844384	022 2844385	022 2844387
ZANZIBAR	Chakechake	P.O.Box 153, Pemba	024 2452052	024 2452954	024 2452433
	Zanzibar Town	P.O Box 4608, Zanzibar	024 2239402	024 2239403	024 2239404
DODOMA	Central Zonal Office	P.O. Box 888, Dodoma	026 2322117	026 2322260	026 2321835
	Kondoa	P.O. Box 95, Kondoa	026 2360306	026 2360020	026 2360306
	Kongwa	P.O. Box 200, Kongwa	026 2320431	026 2320477	026 2320477
	Mpwapwa	P.O. Box 77, Mpwapwa	026 2320633	026 2320782	026 2320797
	Dodoma	P.O. Box 1487, Dodoma	026 2322067	026 2322405	026 2322219
	Mazengo	P.O.Box 2591 Dodoma	026 2321185	026 2321186	026 2321189
SINGIDA	Kiomboi	P.O. Box 44, Kiomboi	026 2532296	026 2532650	026 2532159
	Manyoni	P.O. Box 47, Manyoni	026 2540328	026 2540145	026 2540328
	Singida	P.O. Box 1040, Singida	026 2502100	026 2502104	026 2502100
	Itigi	P.O Box 116, Itigi	026 2540327	026 2540304	026 2540104
MANYARA	Mbulu	P.O. Box 33, Mbulu	027 2533090	027 2533064	027 2533090
	Babati	P.O. Box 70, Babati	027 2531113	027 2531027	027 2531113
	Kibaya	P.O. Box 53, Kibaya	027 2555433	027 2552030	027 2555433
	Katesh	P.O. Box 82, Katesh	027 2531697	027 2530077	027 2530076
	Simanjiro	P.O.Box 9527, Simanjiro	027 2555692	027 2555693	027 2555693
MOROGORO	Eastern Zonal Office	P.O. Box 1066 , Morogoro	023 2613479	023 2613511	023 2613600
	Ifakara	P.O. Box 33, Ifakara	023 2625033	023 2625061	023 2625094
	Kilombero	P.O. Box 142, Kidatu	023 2626053	023 2626273	023 2626225
	Kilosa	P.O Box 3, Kilosa	023 2623017	023 2623233	023 2623073
	Mahenge	P.O. Box 61, Mahenge	023 2620366		023 2627011
	Turiani	P.O. Box 167, Turiani	023 2620068	023 2620067	023 2605359
	Mvomero	P.O. Box 478, Morogoro	023 2628734	023 2628735	023 2628733
	Wami	P.O. Box 84, Morogoro	023 2613534	023 2613177	023 2613849
	Mt. Uluguru	P.O Box 81, Morogoro	023 2614407	023 2614408	023 2614406
PWANI	Bagamoyo	P.O. Box 76, Bagamoyo	023 2440128	023 2440071	023 2440055
	Chalinze	P.O. Box 34, Chalinze	023 2402922	023 2402923	023 2402922
	Kibaha	P.O. Box 30430, Kibaha	023 2402833	023 2402832	023 2402832
	Kibiti	P.O. Box 5, Kibiti	023 2010081		023 2010912
	Kisarawe	P.O. Box 28053, Kisarawe	023 2402335	023 2402335	023 2402176
	Mafia	P.O. Box 30, Mafia	023 2011331	023 2010172	023 2010171
	Mkuranga	P.O.Box 51, Mkuranga	023 2402792	023 2402793	023 2402794

MBEYA	Highland Zonal Office	P.O. Box 792, Mbeya	025 2502527	025 2504347	025 2502853
	Chunya	P.O. Box 65, Chunya	025 2520019	025 2520048	025 2520019
	Ileje	P.O. Box 17, Ileje	025 2570021	025 2570234	025 2570021
	Kyela	P.O. Box 74, Kyela	025 2540023	025 2540094	025 2540023
	Mbalizi Road	P.O. Box 282, Mbeya	025 2500890	025 2502547	025 2502413
	Mbarali	P.O. Box 75, Rujewa	025 2590196	025 2590052	025 2590051
	Mbozi	P.O. Box 4, Mbozi	025 2580022	025 2580041	025 2580022
	Mount Loleza	P.O. Box 922, Mbeya	025 2502879	025 2502880	025 2502879
	Mwanjelwa	P.O. Box 1768, Mbeya	025 2502826	025 2502462	025 2500070
	Tukuyu	P.O. Box 180, Tukuyu	025 2552149	025 2552253	025 2552149
	Tunduma	P.O. Box 140, Tunduma	025 2530665	025 2530049	025 2530665
	Usongwe	P.O. Box 4623, Mbeya	025 2560120	025 2560121	025 2560122
IRINGA	Ludewa	P.O. Box 10, Ludewa	026 2790102	026 2790019	026 2790102
	Mafinga	P.O. Box 90, Mafinga	026 2772108	026 2772011	026 2772108
	Makambako	P.O. Box 1030, Makambako	026 2730388	026 2730006	
	Makete	P.O. Box 24, Makete	026 2740027	026 2740028	026 2740101
	Mkwawa	P.O. Box 52, Iringa	026 2702036	026 2702038	026 2702054
	Njombe	P.O. Box 413, Njombe	026 2782785	026 2782778	026 2782785
	Kilolo	P.O.Box 2332, Kilolo	026 2968012	026 2968011	
RUKWA	Mpanda	P.O. Box 55, Mpanda	025 2820315	025 2820034	025 2820315
	Nkasi	P.O. Box 12, Namanyere	025 2830010	025 2830007	025 2830010
	Sumbawanga	P.O. Box 37, Sumbawanga	025 2800256	025 2800258	025 2800256
MWANZA	Lake Zonal Office	P.O. Box 1580, Mwanza	028 2501050	028 2500867	028 2500691
	Geita	P.O. Box 10, Geita	028 2520442	028 2520021	028 2520442
	Kenyatta Road	P.O. Box 1444, Mwanza	028 2500387	028 2502592	028 2501736
	Magu	P.O. Box 12, Magu	028 2530056	028 2530109	028 2530057
	Misungwi	P.O. Box Private Bag, Misungwi	073 2980826	073 2980826	073 2980747
	Nansio	P.O. Box 61, Nansio	028 2515051	028 2515091	028 2515091
	Ngudu	P.O. Box 68, Ngudu	073 2980919	073 7100202	073 2980919
	Regional Drive	P.O. Box 537, Mwanza	028 2541106	028 2541107	028 2541108
	Sengerema	P.O. Box 96, Sengerema	028 2590075	028 2590248	028 2590025
	PPF Agency	P.O. Box 1444 Mwanza	028 2506029	028 2506030	028 2506033
MARA	Bunda	P.O. Box 53, Bunda	028 2621152	028 2621039	028 2621153
	Mugumu	P.O. Box 4, Mugumu	028 2621444	028 2621444	028 2621410
	Musoma	P.O. Box 561, Musoma	028 2620807	028 2620806	028 2620807
	Tarime	P.O. Box 108, Tarime	028 2690918	028 2690062	028 2690100
	Royra	P.O. Box 53, Shirati	028 2620867	028 2620867	028 2620868
KAGERA	Biharamulo	P.O. Box 27, Biharamulo	028 2225017	028 2225017	028 2225155
	Bukoba	P.O. Box 1552, Bukoba	028 2220176	028 2220154	028 2220417
	Kayanga	P.O. Box 69, Karagwe	028 2227111	028 2227162	028 2227111
	Muleba	P.O. Box 8, Muleba	028 2224170	028 2224012	028 2224020
	Ngara	P.O. Box 92, Ngara	028 2226049	028 2226223	028 2226013
	Chato	P.O.Box 68, Chato	028 2222800	028 2222836	028 2222839
	Misenyi	P.O.Box 56, Misenyi	028 7329834	028 2222323	028 2222331
ARUSHA	Northern Zonal Office	P.O. Box 1256, Arusha	027 2508079	027 2508516	027 2548275
	Clock Tower	P.O. Box 3093, Arusha	027 2502599	027 2508521	027 2545184
	Karatu	P.O. Box 1600, Karatu	027- 2534037	027- 2534030	027 2534024
	Ngarenaro	P.O. Box 15741 Arusha	027 2548457	027 2548854	027 2548573
	Monduli	P.O. Box 20, Monduli	027 2538069	027-2538031	027 2538069
	Loliondo	P.O. Box 60, Loliondo	027 2535207	027 2535070	027 2535207
	Namanga	P.O.Box 8500, Namanga	027 2539503	027 2539505	027 2539504
	Arusha Market	P.O.Box 11168, Arusha	027 2547331	027 2547332	027 2547330
KILIMANJARO	Hai	P.O. Box 129, Hai	027 2756129	027 2756129	027 2750649
	Mwanga	P.O. Box 93, Mwanga	027 2750115	027 2757747	027 2757689
	Nelson Mandela	P.O. Box 1121, Moshi	027 2752421	027 2755199	027 2751546
	Rombo	P.O. Box 25, Mkuu-Rombo	027 2757114	027 2757147	027 2757114
	Same	P.O. Box 74, Same	027 2758138	027 2758136	027 2750002
	Mawenzi	P.O. Box 1825, Moshi	027 2751063	027 2751061	027 2751081
	Tarakea	P.O. Box 11 Tarakea	027 2757566	027 2757566	027 2757826



TANGA	Handeni	P.O. Box 123, Handeni	027 2641761	027 2641740	027 2641761
	Korogwe	P.O. Box 165, Korogwe	027 2650068	027 2646364	027 2650095
	Lushoto	P.O. Box 24, Lushoto	027 2640097	027 2640024	027 2640149
	Madaraka	P.O. Box 1396, Tanga	027 2646452	027 2644371	027 2643793
	Mkwakwani	P.O. Box 5056, Tanga	027 2646484	027 2646485	027 2646483
	Mombo	P.O. Box 140, Mombo	027 2641540	027 2641576	027 2641518
	Muheza	P.O. Box 414, Muheza	027 2641480	027 2641177	027 2641480
	Pangani	P.O. Box 90, Pangani	027 2630055	027 2630307	027 2630092
MTWARA	Kilindi	P.O.Box 46, Kilindi	0788 800404	0788 800405	
	Southern Zonal Office	P.O. Box 625, Mtwara	023 2333329	023 2334020	023 2333667
	Masasi	P.O. Box 105, Masasi	023 2510024	023 2510058	023 2510024
	Mtwara	P.O. Box 508, Mtwara	023 2333951	023 2333946	023 2333983
	Ndanda	P.O. Box 7, Ndanda		0717 407538	
	Nanyumbu	P.O. Private Bag, Nanyumbu		0717 407538	
	Newala	P.O. Box 60, Newala	023 2410561	023 2410261	023 2410221
	Tandahimba	P.O. Box 15, Tandahimba	023 2410090	023 2410089	023 2410091
LINDI	Kilwa	P.O. Box 13, Kilwa-Masoko	023 2013072	023 2013056	023 2013072
	Lindi	P.O. Box 1021, Lindi	023 2202188	023 2202474	023 2202018
	Liwale	P.O. Box 82, Liwale	073 2933304		073 2933123
	Nachingwea	P.O. Box 102, Nachingwea	732 933139	073 2933297	073 2933139
	Ruangwa	P.O.Box 100, Ruangwa	0788 800403	0788 800406	0732 933136
RUVUMA	Litembo	Private Bag, Litembo	073 2950567	073 2950540	0732 950567
	Mbinga	P.O. Box 4, Mbinga	025 2640072	025 2640466	025 2640306
	Songea	P.O. Box 641, Songea	025 2602466	025 2602486	025 2602469
	Tunduru	P.O. Box 24, Tunduru	025 2680067	025 2680086	025 2680186
	Namtumbo	P.O.Box 66 Namtumbo	025 2602848	025 2602890	025 2602858
TABORA	Western Zonal Office	P.O. Box 681, Tabora	026 2606423	026 2606424	026 2606425
	Igunga	P.O. Box 80, Igunga	026 2650054	026 2650027	026 2650024
	Mihayo	P.O. Box 211, Mihayo	026 2604158	026 2604376	026 2604925
	Nzega	P.O. Box 163, Nzega	026 2692340	026 2692322	026 2692340
	Sikonge	P.O. Box 32, Sikonge	073 2988362	073 2988362	073 2988483
	Urambo	P.O. Box 156, Urambo	0732 988256	0732 988336	073 2988256
KIGOMA	Kasulu	P.O. Box 70, Kasulu	028 281 0111	028 281 0026	028 2810345
	Kibondo	P.O. Box 69, Kibondo	028 2820216	028 2820023	028 2820216
	Kigoma	P.O. Box 1067, Kigoma	028 2803328	028 2804705	028 2804586
SHINYANGA	Bariadi	P.O. Box 2, Bariadi	028 2700533	028 2700004	028 2700175
	Kahama	P.O. Box 183, Kahama	028 2710063	028 2710083	028 2710103
	Manonga	P.O. Box 811, Manonga	028 2763629	028 2763439	028 2763441
	Mwadui	P.O. Box 324, Mwadui	028 2763461		028 2763461
	Maswa	P.O. Box 3, Maswa	028 2750372	028 2750321	028 2750372
	Mwanhuzi	P.O. Box 48, Meatu	028 2795081	028 2795080	028 2795292
	Bukombe	P.O.Box 134, Bukombe	028 2520702	028 2520703	028 2520702

National Microfinance Bank PLC

# Taarifa ya Mwaka

# 2011





National Microfinance Bank PLC  
Taarifa ya Mwaka  
2011





Karibu **NMB**

## Dira Yetu

Kuwa chaguo la kwanza katika asasi za utoaji huduma za fedha nchini Tanzania

## Kauli Mbiu

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

## Mwongozo Wetu

Ari

Tunamlenga Mdau

Uaminifu

Umiliki

Ushirikiano wetu

Utimilifu

# Yaliyomo

---

Dira , Kauli mbiu na Mwongozo.....	2
Hali halisi ya Matokeo ya Biashara ya NMB .....	5
Bodi ya Wakurugenzi .....	10
Viongozi Wakuu na Kamati Muhimu za Uongozi .....	12
Taarifa ya Ongezeko la thamani .....	17
Taarifa ya Mwenyekiti .....	20
Taarifa ya Afisa Mtendaji Mkuu .....	22
Mapitio ya Miaka Saba ya Hali ya fedha .....	31
Utawala Bora .....	32
Taarifa ya Wakurugenzi .....	38
Maelezo ya Wajibu wa Mkurugenzi .....	46
Taarifa ya Wakaguzi wa Hesabu .....	47
Taarifa ya Mkutano Mkuu wa 12.....	102
Taarifa ya Hali hatarishi.....	106
Historia ya Umiliki .....	108
Idara muhimu ndani ya Makao Makuu ya NMB .....	113
Mawasiliano ya Matawi ya NMB .....	114

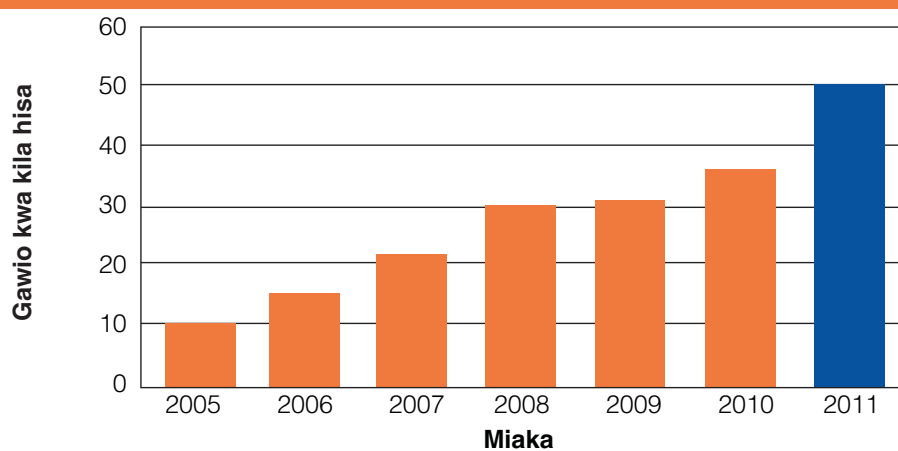
# Vielelezo muhimu kwa mwaka wa fedha 2011

		2008	2009	2010	2011
<b>Faida</b>					
Jumla ya mapato	Tzs Milioni	154,470	167,933	199,999	266,594
Gharama za uendeshaji	Tzs Milioni	77,313	92,870	119,880	152,056
Kodi	Tzs Milioni	22,228	20,488	24,464	30,947
Faida kamili	Tzs Milioni	48,707	47,550	53,981	71,839
Gawio	Tzs kwa hisa	30	31	36	50
Uwiano wa gharama ya mapato	%	50%	55%	60%	57.04%
<b>Uwezo wa kulipa matumizi ya muda mrefu</b>					
Jumla ya rasilimali	Tzs Milioni	1,384,268	1,669,333	2,110,903	2,170,250
Uwezo wa mwisho wa ukopeshaji kwa mtu mmoja	Tzs Milioni	151,888	187,804	225,638	227,435
RWA	Tzs Milioni	542,420	792,186	960,418	1,273,282
Uwiano wa ukopeshaji kwa mtu mmoja	%	28.00%	23.71%	23.49%	22%
<b>Mengineyo</b>					
Wateja		1,073,465	1,424,015	1,583,918	1,803,203
Matawi		125	134	139	140
Mashine za kutolea pesa		167	281	345	416
Kadi		728,250	846,483	1,193,964	1,349,829
Wafanyakazi		2,039	2,478	2,610	2,650

<b>Uwiano uliochaguliwa</b>		<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Mapato yatokanayo na wastani wa hisa	%	35%	27%	23%	28%
Mapato yatokanayo na wastani wa rasilimali	%	4%	3%	3%	3%
Uwiano wa gharama ya mapato	%	50%	55%	60%	57%
Kiasi cha uwiano wa mtaji	%	28%	24%	23%	22%
Gawio kwa kila hisa	TZS	30	31	36	50

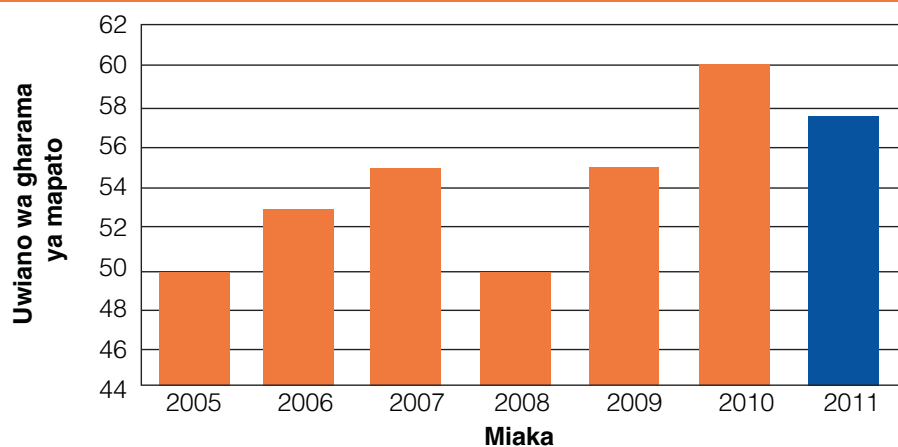
## Gawio kwa kila Hisa

Gawio kwa kila hisa	
Mwaka	Gawio
2005	10
2006	15
2007	22
2008	30
2009	31
2010	36
2011	50

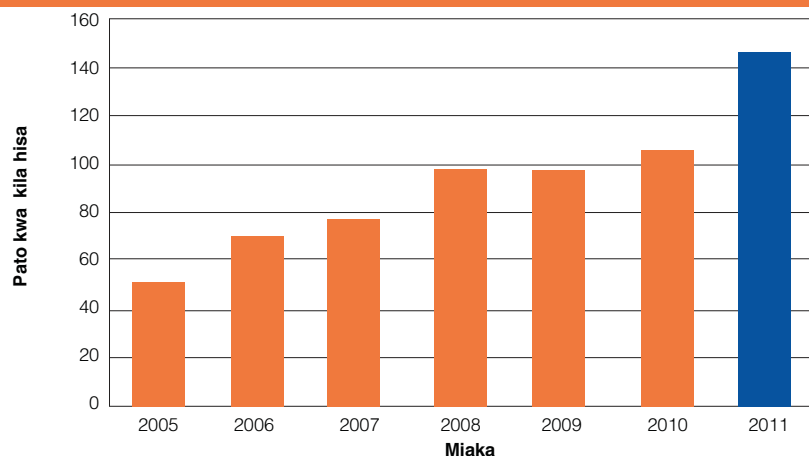


## Uwiano wa gharama ya Mapato

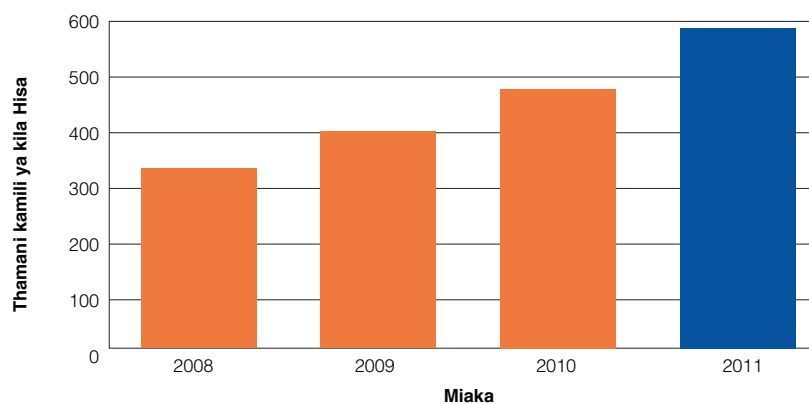
Uwiano wa gharama ya mapato	
Mwaka	%
2005	50
2006	53
2007	55
2008	50
2009	55
2010	60
2011	57



## Pato kwa kila Hisa



## Thamani kamili ya kila Hisa

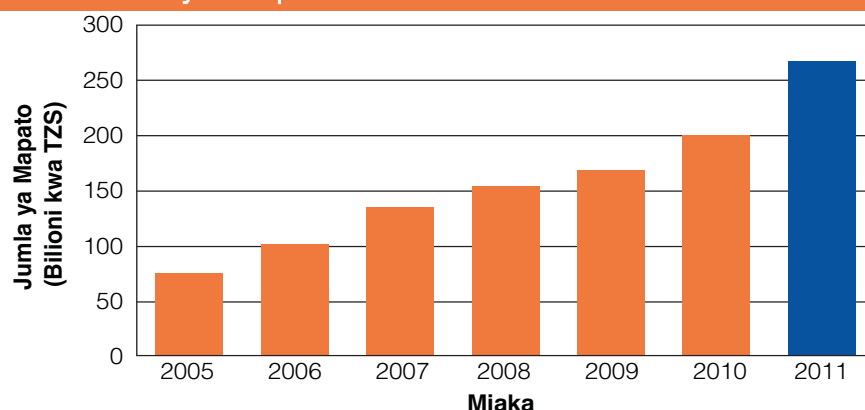




# Dondoo ya Taarifa ya Fedha 2005 - 2011

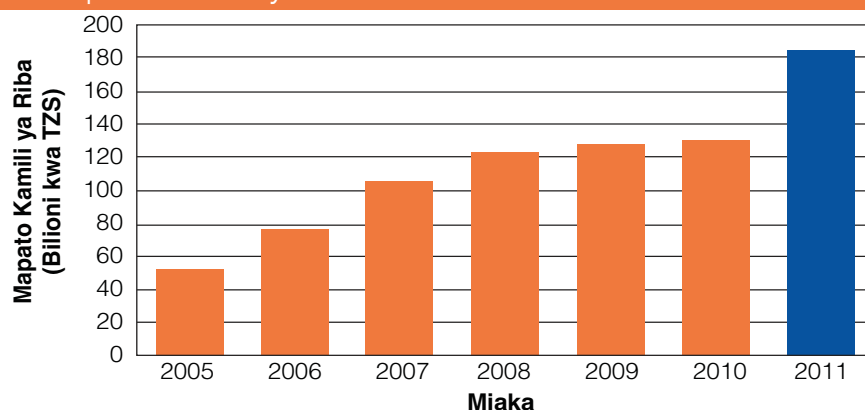
## Jumla ya Mapato

Jumla ya Mapato	
Miaka	Bilioni kwa TZS
2005	75
2006	101
2007	135
2008	154
2009	168
2010	200
2011	267



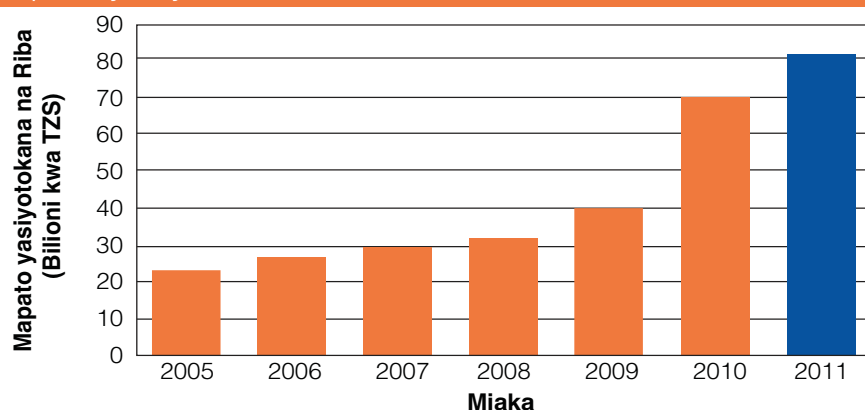
## Mapato Kamili ya Riba

Mapato Kamili ya Riba	
Miaka	Bilioni kwa TZS
2005	52
2006	76
2007	105
2008	123
2009	128
2010	130
2011	185



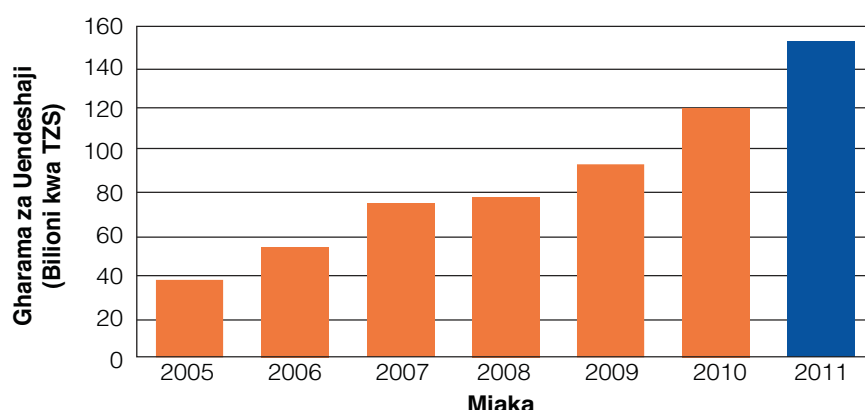
## Mapato yasiyotokana na Riba

Mapato yasiyotokana na Riba	
Miaka	Bilioni kwa TZS
2005	22
2006	25
2007	30
2008	32
2009	40
2010	70
2011	81



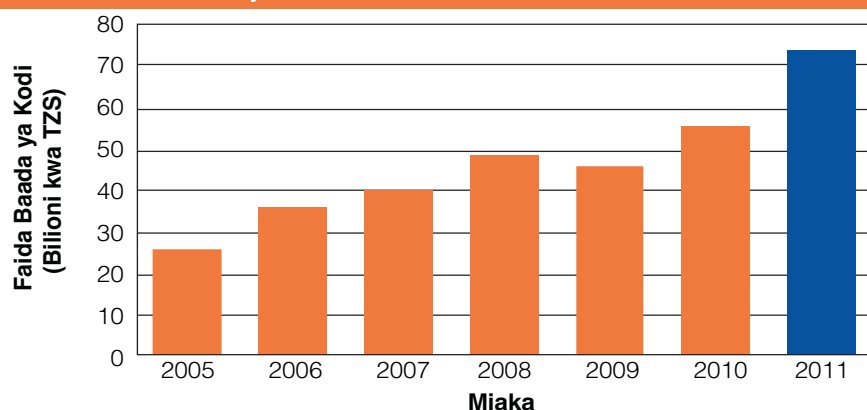
## Gharama za Uendeshaji

Gharama za Uendeshaji	
Miaka	Bilioni kwa TZS
2005	37
2006	53
2007	74
2008	77
2009	93
2010	120
2011	152



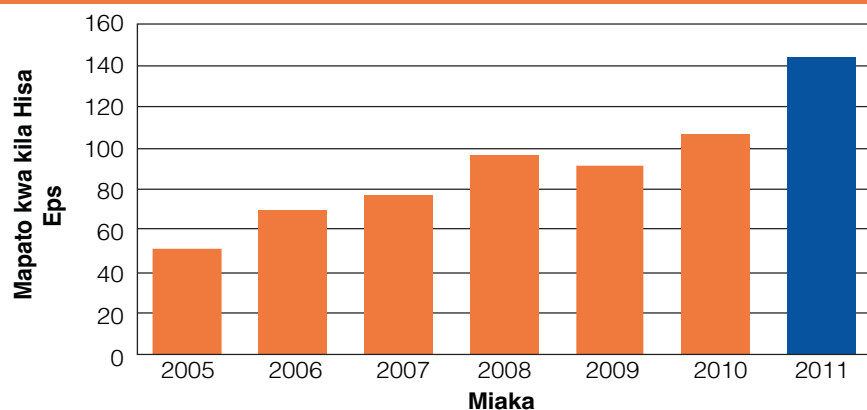
## Faida Baada ya Kodi

Faida Baada ya Kodi	
Miaka	Bilioni kwa TZS
2005	25
2006	35
2007	39
2008	49
2009	48
2010	54
2011	72



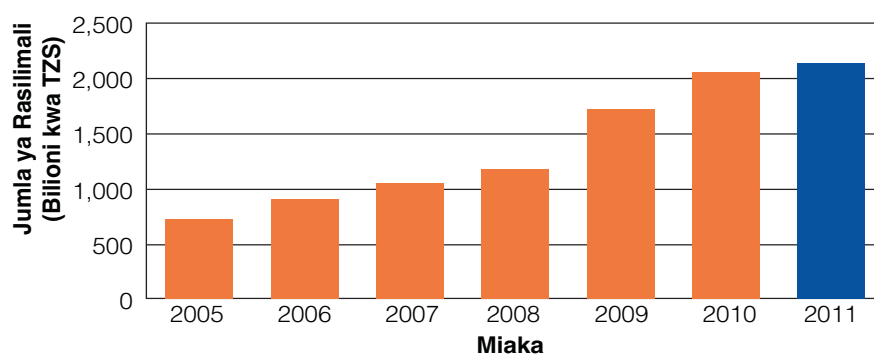
## Mapato kwa kila Hisa

Mapato kwa Kila Hisa	
Miaka	Eps
2005	51
2006	70
2007	78
2008	97
2009	95
2010	108
2011	144



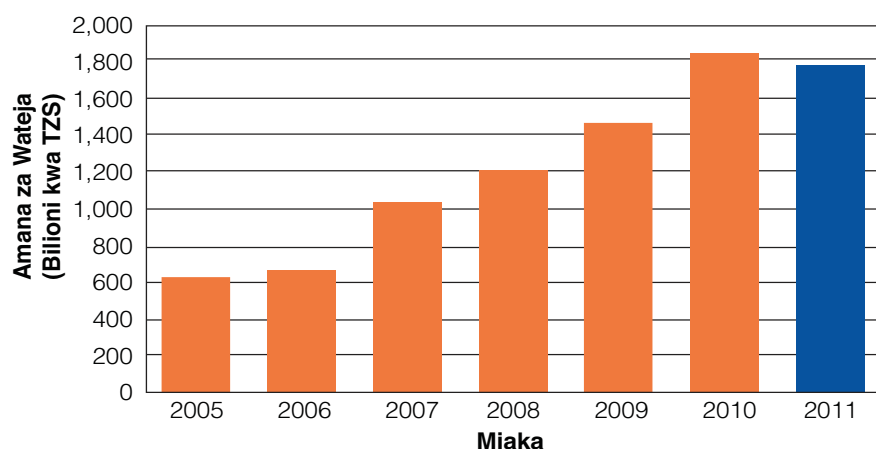
## Jumla ya Rasilimali

Jumla ya Rasilimali	
Miaka	Bilioni kwa TZS
2005	690
2006	795
2007	1,158
2008	1,384
2009	1,669
2010	2,107
2011	2,156



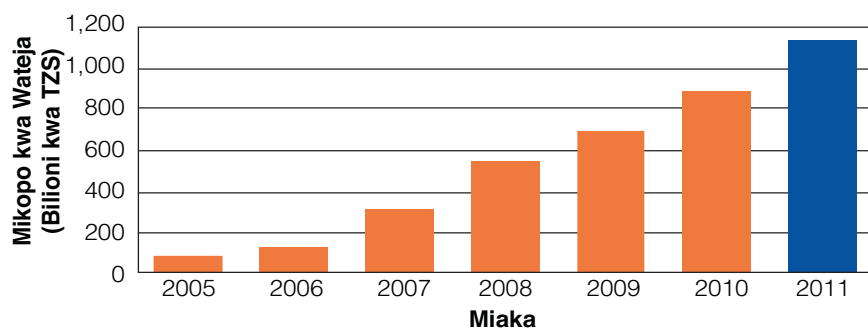
## Amana za Wateja

Amana za Wateja	
Miaka	Amana za Wateja
2005	617
2006	688
2007	1,013
2008	1,200
2009	1,459
2010	1,813
2011	1,790



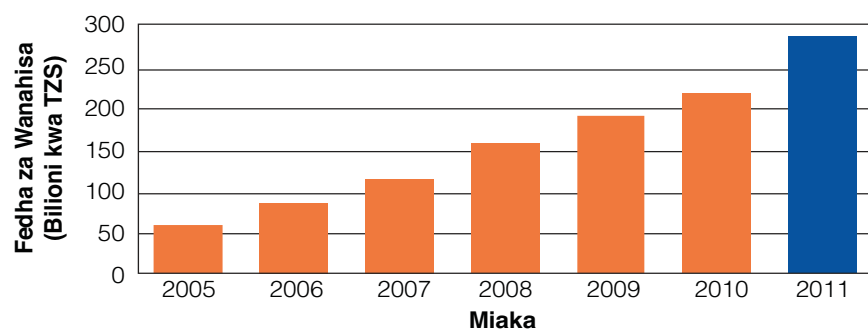
## Mikopo kwa Wateja

Mikopo kwa Wateja	
Miaka	Mikopo kwa Wateja
2005	85
2006	137
2007	345
2008	571
2009	673
2010	858
2011	1,124



## Fedha za Wanahisa

Fedha za Wanahisa	
Miaka	Fedha za Wanahisa
2005	61
2006	91
2007	122
2008	160
2009	192
2010	231
2011	284



# Bodi ya Wakurugenzi



Misheck Ngatunga



Mike Laiser



Jos van Lange



Felix Moshia



Protase Tehingisa



Margaret Ikongo



William Mlaki



Albert Jonkergouw

## Misheck Ngatunga Mwenyekiti wa Bodi

Bwana Misheck Ngatunga ni mshauri wa kujitegemea wa biashara na mwelekezi. Amewahi kuongoza Ofisi ya Kanda ya Afrika Mashariki ya APDF/IFC ya Benki ya Dunia nchini Kenya. Kabla ya hapo alifanya kazi Benki ya Maendeleo ya Afrika Mashariki (EADB) na Benki Kuu ya Tanzania.

## Mike Laiser

Bwana Mike Laiser ni Mkurugenzi Mkuu wa Shirika la Maendeleo ya Viwanda 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 nchi nyingine za SADC.

## Jos van Lange

Bwana Jos van Lange ni Mchumi kitaaluma na kwa sasa ni Afisa Mkuu wa Fedha na Mambo ya Tahadhari (CFRO) katika Bodi ya Jumuika la Kampuni 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 wateja ambao sio wakubwa (Retail Banking) cha Rabobank ya Uholanzi.

## Felix Mosha

Bwana Felix Mosha ni mchumi kitaaluma. Amewahi kufanya kazi kwa zaidi ya miaka 22 akishika nafasi mbalimbali katika Umoja wa Mataifa. Kati ya nafasi alizowahi kushika ni Mkuu wa kituo cha biashara na Uwekezaji (UNECA), Mchumi mfawidhi (UNCTC), Mkurugenzi idara ya Afrika katika Umoja wa Mataifa anayeshughulikia masuala ya siasa, Mwakilishi maalum wa Katibu Mkuu wa Umoja wa Mataifa kwa Hayati Mwal. J.K. Nyerere na Gen. Olusegun Obasanjo, Mwanzilishi wa

NICOL. Kwa sasa anajishughulisha na kilimo na mwekezaji katika majengo.

## Protase Tehingisa

Bwana Protase Tehingisa ni mtalaamu wa sheria za uwekezaji wa makampuni. Amewahi kufanya kazi kama Katibu / Mwanasheria Mkuu wa 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 Shirika la Wanasheria Tanzania.

## Albert Jonkergouw

Bwana Albert Jonkergouw kwa sasa anahusika na kusimamia vitegauchumi Afrika ndani ya kitengo cha maendeleo cha Benki ya Rabo na ana ujuzi wa miaka 16 wa shughuli za benki za wateja wadogo na wakubwa kimataifa ndani ya benki ya Rabo ya Uholanzi.

Kabla ya kujiunga na kitengo cha Maendeleo cha Benki ya Rabo, Bwana Jonkergouw alikuwa ni kiongozi Mkuu Kimataifa wa huduma za ukaguzi katika benki ya Rabo na kabla ya benki kushikilia wadhifa huo alikuwa Afisa mfawidhi wa ukaguzi katika benki mbalimbali nchini Afrika ya Kusini.

## Margaret Ikongo

Bibi. Margaret Ikongo ni mtaalamu wa Bima "Chartered Insurer" amesajiliwa na Chartered Insurance Institute UK. Alikuwa Mkurugenzi Mtendaji wa Shirika la Bima la Taifa kwa miaka 10. Pia, amekuwa Mkurugenzi wa Bodi katika kampuni mbalimbali za Bima ndani na nje ya nchi. Kwa sasa anafanya kazi kwenye Mamlaka ya Usimamizi wa Shughuli za Bima nchini.

## William Mlaki

Bwana William Mlaki ana uzoefu wa zaidi ya miaka 35 katika shughuli za kibenki. Alikuwa Mkurugenzi Mtendaji wa TIB kwa miaka 15. Pia amekuwa Mkurugenzi wa kwenye Bodi za Kampuni mbalimbali na taasisi za fedha hapa Tanzania na nje ya nchi. Kwa sasa ni mshauri wa kujitegemea katika masuala ya biashara.

# Menejimenti



**Mark Wiessing**  
Afisa Mkuu Mtendaji



**Waziri Barnabas**  
Afisa Mkuu wa Fedha



**Arjan Molenkamp**  
Afisa Mkuu Mwendeshaji



**Kees Verbeek**  
Afisa Mkuu wa Biashara



**John Ncube**  
Afisa Mkuu wa Mawasiliano



**Danny van Det**  
Afisa Mkuu Athari



**Charles Kazuka**  
Afisa Mkuu wa Rasilimali Watu



### **Mark Wiessing** Afisa Mkuu Mtendaji

Mark Wiessing alijiunga na NMB mwezi Desemba 2010 kama Afisa Mkuu Mtendaji. Kabla alikuwa Afisa Mkuu Mtendaji wa Benki ya Taifa ya Biashara ya Zambia (ZANACO). Pia aliwahi kushika nafasi za juu kwenye Standard Bank ya SA Ltd, Citibank na katika ING Bank. Alishika nafasi mbalimbali katika nchi zinazoendelea za Africa, 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** Afisa Mkuu wa Fedha

Waziri Barnabas ni Afisa Mkuu wa Fedha wa NMB. Ana uzoefu wa zaidi ya miaka kumi na tatu 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 Cheti cha Mhasibu aliyethibitishwa ( Certified Public Accountant).

### **Arjan Molenkamp** Afisa Mkuu Uendeshaji

Arjan Molenkamp alijiunga NMB kama Afisa Mkuu Uendeshaji 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 na Citrus Bank. Bwana Molenkamp alipata Shahada yake ya Uzamili ya Uongozi wa Biashara (Executive MBA) kutoka Erasmus University, Netherlands.

### **Kees Verbeek** Afisa Mkuu wa Biashara

Kees Verbeek ni Afisa Mkuu wa Biashara wa NMB. Ana uzoefu mkubwa katika maswala ya

kilimo na alifanya kazi Rabobank katika nafasi mbalimbali ikiwa ni pamoja na Mchambuzi Mwandamizi wa Viwanda, Mazao na Elimu viumbe, Afisa Mwandamizi wa Kibenki, Chakula na Ushirika wa wakulima na Kiongozi wa Chakula na Biashara Ndogondogo. Bwana Verbeek ana Shahada ya Uzamili ya Uchumi wa Kilimo kutoka Chuo cha Kilimo cha Wageningen, Uholanzi.

### **John Ncube** Afisa Mkuu wa Mawasiliano

John Ncube ni Afisa Mkuu wa Teknolojia na Mawasiliano wa NMB. Ana uzoefu wa zaidi ya miaka ishirini katika eneo hili la teknolojia ya mawasiliano ambapo miaka kumi na saba katika nafasi ya uongozi katika mazingira ya kibenki. Baadhi ya benki alizofanya kazi ni Benki ya Maendeleo ya Kilimo ya Zimbabwe na SSB Benki ya Ghana. Bwana Ncube ana shahada ya kwanza ya Sayasi ya Heshima katika Mahesabu na Sayansi ya Komputa toka Chuo Kikuu cha Guildford, Uingereza.

### **Danny van Det** Afisa Mkuu Athari

Danny van Det ni Afisa Mkuu Athari wa NMB. Kabla alikuwa anafanya kazi Rabobank kwa zaidi ya miaka kumi katika nyazifa mbalimbali hususani usimamizi wa athari za mikopo na Mabadiliko ya mfumo wa Utendaji. Bwana van Det ana Shahada ya uzamili Uongozi wa Biashara ya Chuo Kikuu cha Erasmus, Rotterdam, Uholanzi.

### **Charles Kazuka** Afisa Mkuu wa Rasilimali Watu

Charles Kazuka alijiunga na NMB kama afisa Mkuu wa Rasilimali Watu tangu Desemba 2010. Kabla ya hapo alikuwa anaongoza Idara ya Rasilimali Watu katika Benki ya Barclays Tanzania. Bwana Kazuka ana Shahada ya Elimu ya Chuo Kikuu Cha Makerere na Diploma ya Menejimenti ya Kimkakati kutoka Leicester University, Uingereza.



**NMB** kituo cha biashara, Arusha

# Kamati za Utendaji

## 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 vilivyowekwa. 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 Utendaji na Usimamizi

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 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 mlalamikaji kukata rufaa na kupima vigezo kulingana na taarifa zilizotolewa.

## Kamati ya Usimamizi wa Tenda (MTC)

Lengo la Kamati ya Usimamizi wa Tenda (MTC) ni kupitia, kutadhimini na kupitisha manunuzi yote ya zaidi ya shilingi milioni 100. Kamati imepewa uwezo kuita na pale inapoonekana inafaa kupitisha manunuzi ya vitu, kazi na huduma zilizoko ndani ya viwango vyake kifedha.

## Kamati ya Tahadhari za Kiutendaji

Kamati ya Tahadhari za Kiutendaji inashughulikia tahadhari za idara ya Tahadhari na Utendaji, Idara ya Rasilimali Watu na Usimamizi ambazo lengo lao 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 mwongozo 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 mazao au 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.



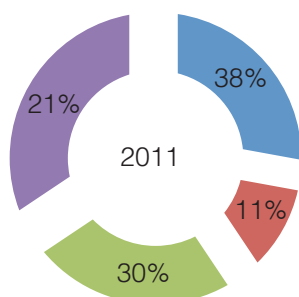
Uzinduzi wa **NMB Pesa Fasta** mbele ya Mkurugenzi wa ufundi wa FSDT Bw. Kewe, Afisa Mkuu Mtendaji wa **NMB** Bw. Wiessing na Meneja Mwandamizi wa Kitengo cha Biashara **NMB**, Bw. Nsekela

# Taarifa ya ongezeko wa thamani kwa mwaka ulioisha 31 Desemba 2011

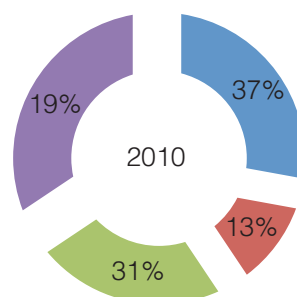
Thamani iliyoongezwa ni mali ambazo benki inaweza kuzalisha kwa kutoa huduma zenye kiwango kwa wateja.

Tzs 'Millioni	2011		2010	
<b>Thamani iliyoongezwa</b>				
Mapato yaliyopatikana kutokana na huduma za kibenki	193,005		141,442	
Gharama za huduma	(19,584)		(12,706)	
Thamani iliyoongezwa kwa huduma za kibenki	<b>173,421</b>		<b>128,736</b>	
	(6,989)		(3,831)	
Gharama zisizo za kiuendeshaji na mapato na gharama nyingine	166,432		124,905	
<b>Thamani ilivyo gawanywa</b>				
Kwa Wafanyakazi:				
Mishahara na mafao mengine	63,646	38%	46,460	37%
Wachangiaji mtaji:				
Gawio kwa Wanahisa	18,000	10%	15,700	12%
Kwa Serilkali				
Kodi ya Mapato	34,508		27,930	
Lipa kadiri unavyopata	11,641		8,621	
Tozo la kuongeza ujuzi	3,171		2,444	
	49,320	30%	38,995	31%
Upanuzi na ukuaji				
Kushuka thamani, kodi zilizoahirishwa, faida iliyobakizwa	35,466	21%	23,750	19%
	166,432	100%	124,905	100%

● To employees: ● To providers of capital:  
● To government ● To expansion and growth



● To employees: ● To providers of capital:  
● To government ● To expansion and growth



# Taarifa ya Mwenyekiti

Kwa mara nyingine tena ninayo heshima kubwa kutoa taarifa ya fedha na maendeleo ya kiutendaji ya benki ambayo yameleta mafanikio makubwa mwaka huu kwa wanahisa wa NMB na wadau wengine.

Hii pia itakuwa ni taarifa yangu ya mwisho nikiwa kama Mwenyekiti wa Bodi ya Wakurugenzi ya NMB. Nitastaafu kama Mkurugenzi asiyekuwa mtendaji na Mwenyekiti wa Bodi ya NMB katika Mkutano Mkuu wa Mwaka, baada ya miaka tisa utumishi. Kwa kuwa Serikali ya Tanzania imeonyesha nia yake ya kuteua mtu mwingine atakayechukua nafasi yangu kama Mkurugenzi ikiwa itaridhiwa na Mkutano Mkuu wa Mwaka wa Benki.

Katika miaka hii 9 niliyokuwa NMB, Benki imekuwa na maendeleo makubwa. Kipindi hiki nimeshuhudia ikibadilika kutoka taasisi ndogo ya Kibenki na kuwa Benki kubwa ya biashara. NMB sasa inajiendesha kama taasisi kamili ya benki ya Biashara yenye fursa zote za kufanya Biashara na shughuli zote za kibenki. Inaongoza katika soko la kibenki katika nyanja mbalimbali na kutoa mchango mkubwa kwenye uchumi wa Tanzania ikijumuisha mapato makubwa ya kodi nchini.

## Hali ya Uchumi

Mwaka huu pia ulikuwa na changamoto zake kiuchumi. Kwanza kabisa ni zile za kimataifa na mazingira ya uchumi. Ukweli ni kwamba mdororo wa uchumi duniani ambao umekuwepo tangu 2008 ulichukua mwelekeo mpya mwaka 2011, ukiwa ni mwendelezo wa hali tete ya ukuaji wa uchumi duniani na hali ya masoko isiyotabirika iliyotokana na mgogogo wa madeni ya Ulaya.

Kushuka kwa uchumi kulionekana hasa katika masoko ya nchi zilizoendelea ambapo kiwango cha ukuaji kilikadiriwa kushuka kwa asilimia 1.6. Hata hivyo kwenye nchi za masoko mapya ukuaji pia ulitetereka na kurudi nyuma kwenye uuzaji bidhaa nje katika nchi za Ulaya na Amerika ukiambatana na msimamo mkali wa sera za ndani



katika baadhi ya nchi za masoko mapya zilizolenga kudhibiti makali ya mfumuko wa bei.

Hali ya Uchumi, Fedha na changamoto sera vilivyochochea kutotabirika na kutatiza wawekezaji mwaka jana viliendelea kupunguza mwelekeo wa uchumi duniani mwaka 2012. Lakini kulianza dalili nzuri kiuchumi kupitia maendeleo chanya ya vipindi kama vile kuikomboa Ugiriki kiuchumi na ishara za ukuaji zilianza kuonekana nchini Amerika.

Hata hivyo, uchumi wa Tanzania uliendelea



kubakia na nguvu katika maendeleo ya uchumi kimataifa. Kwa kipindi cha miaka kumi iliyopita Tanzania imekuwa ni mojawapo ya nchi zenye uchumi unaokuwa haraka kwa wastani wa asilimia 7 kwa mwaka, kutokana kwa kiasi fulani na kuwa mbali na shughuli za masoko ya fedha kimataifa na sera nzuri za kiuchumi zilizoleta mafanikio. Vigezo vya kiuchumi Tanzania katika mwaka 2011 viliashiria kushuka kwa ukuaji hadi kufikia asilimia 6 kwa mwaka lakini bado vikionyesha ni ukuaji wa juu kuliko wa masoko mengine.

Mwaka 2011 pia ulionyesha kuongezeka kwa mfumuko wa bei uliosababishwa na mambo mbalimbali yakiwemo kupungua kwa uzalishaji wa nishati ya umeme kulikopelekea kuziba pengo kwa kuongeza uingizaji wa mafuta ya petroli na majenereta ya dharura. Hata hivyo urekebishaji wa sera za uchumi na fedha ni tendo linaloonyesha msimamo makini wa mamlaka husika na udhibiti mfumuko wa bei wa bidhaa za kawaida ili uimarike kwa siku zijazo licha ya adhari za kupungua kwa misaada ya wafadhili ambayo inachangia sehemu kubwa katika bajeti ya Taifa.

### Matokeo ya Kifedha na Kiutendaji

Licha ya mazingira ya uchumi wa Kimataifa yasiyotabirika, ninafurahi kutoa taarifa kwamba benki imeendelea kufanya vizuri katika mwaka 2011. Mwaka huo ulimalizika tukiwa na faida kabla ya kodi ya shilingi 103 bilioni, ambayo ni sawa na faida halisi baada ya kodi ya shilingi 72 bilioni. Hii ni sawa na ongezeko la asilimia 31 na asilimia 33 juu ya mwaka 2010.

Ukuaji huu umetokana na baadhi ya mambo ya kutia moyo yakiwemo ongezeko la utoaji mikopo kwa asilimia 39 na mwendelezo wa ukuaji wa ada mbalimbali za huduma za kibenki kwa asilimia 36 ambavyo viliwezesha mapato kukuwa kwa asilimia 33 kutoka shilingi 200 bilioni hadi 267 bilioni.

Gharama nazo ziliongezeka kwa asilimia 26 zikijumuisha zile za mara moja tu za uwekaji mfumo mpya wa Komputa wa benki uliofanyika kwa mafanikio mwishoni mwa mwaka 2011.

Vigezo vingine vya kiutendaji pia vilibakia imara ambapo kiwango cha mapato na matumizi kilikuwa asilimia 57(2010: asilimia 60) na kiwango cha mikopo na amana kilikuwa asilimia 64 (2010: asilimia 47) vikionyesha tija katika matumizi ya Mizania.

Thamani halisi ya rasilimali za benki pia iliongezeka kwa asilimia 23 na thamani halisi ya rasilimali za

benki (NAV) kwa Hisa iliongezeka toka shilingi 461 hadi 569.

### Bei ya Hisa na mahusiano ya wawekezaji

Thamani ya Hisa ya benki iliendelea vizuri katika mwaka 2011. Kiwango cha bei ya hisa kuingiza mapato na cha bei ya hisa ukilinganisha na bei ya chini kwenye vitabu vinaonekana kwa ujumla kulingana vyema na vya ushindani katika mtizamo wa mwekezaji na vimechangia katika kuongezeka kwa bei ya hisa kutoka shilingi 660 hadi 850. Hata hivyo hali ya ukwasi wa soko pia ulichangia kwa kubana muendelezo wa ukuaji wa bei za hisa katika soko na ujazo wa soko kwa ujumla uliendelea kubakia chini sana ukilinganisha na masoko mapya yanayojitokeza.

Hata hivyo ujazo wa biashara ya hisa za NMB katika soko ilionyesha kwamba meza ( Counter) ya NMB ni mojawapo ya zilizokuwa na ujazo wa ukwasi katika Soko la Hisa la Dar Es Salaam.

Ni kweli kwamba katika mwaka 2011 benki ilishiriki katika matukio mbalimbali ya ndani na ya kikanda katika kuboresha muingiliano wa kibiashara uliopo na wawekezaji waliopo sasa na wa baadaye.

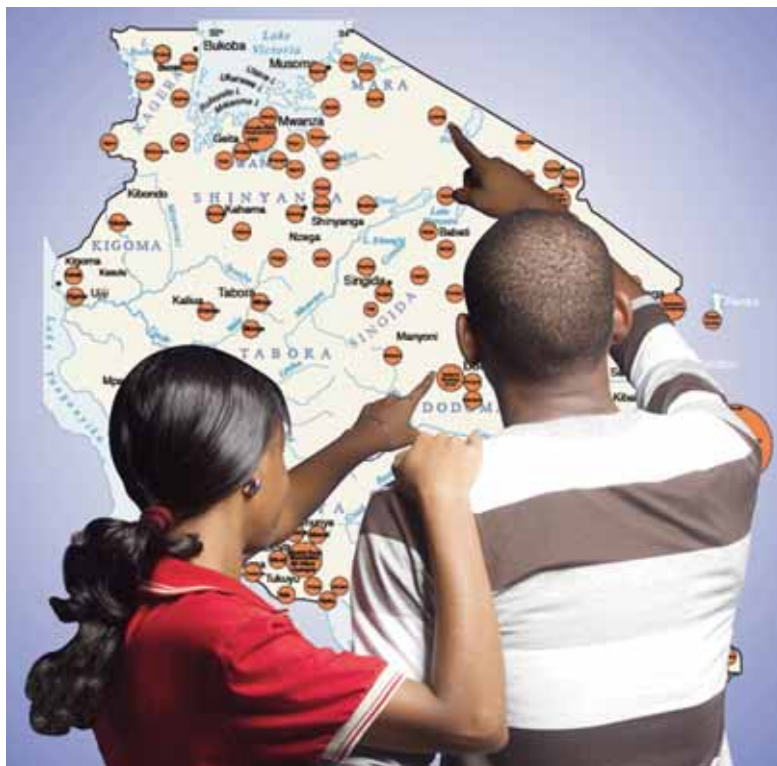
### Utawala

Benki imeendelea kuzingatia kuwepo kwa viwango vya juu kiutawala. Kwa hilo benki haitafuti tu kufikia viwango vya juu vya utendaji kulingana na hadidu rejea za Bodi na mikutano ya Kamati, lakini pia inatekeleza mfumo mpana wa kujipima yenyewe ambao utachangia kukua kwa tija katika mikutano yake na kuendeleza ushirikiano na menejimenti.

Katika mwaka 2011 benki ilifanya mabadiliko ambapo Mkurugenzi Yona Killagane alijiuzulu ukurugenzi wake katika NMB na kukubali nafasi kama hiyo Benki Kuu. Wakati huohuo Mkurugenzi Bruce Dick alijiuzulu na kupokewa na mwakilishi wa mshirika wetu muhimu Benki ya Rabo, Bwana Albert Jonkergouw.

Kwa ziada Mwenyekiti wa Bodi ya Wakurugenzi kwa kutunza viwango na kanuni za utawala bora alijiuzulu uenyekiti wake wa Kamati ya Bodi ya Mikopo na nafasi hiyo kuchukuliwa na Bwana William Mlaki.

Bodi ya Wakurugenzi pia itafikia hatua mpya katika tukio la Mikutano Mkuu wa Mwaka 2012 kwamba kwa mara ya kwanza tangu benki ipitishe Sheria ya Kusajiliwa mwaka 2008, kipindi cha baadhi ya Wakurugenzi wake kitafikia ukomo wa miaka mitatu. Kulingana na kanuni za NMB, moja ya tatu



Mtandao wetu  
unaokua umeweza  
kuwafikia  
wakulima,  
wajasiriamali na  
watumishi wa  
umma popote  
Tanzania

ya wakurugenzi hao wa Bodi waliofikia miaka mitatu watajiuzulu lakini wanaweza kuchaguliwa tena.

Napenda kuwashukuru Wakurugenzi wa Bodi ya NMB kwa mchango wao na ushirikiano.

### Pendekezo la Gawio

Bodi ya Wakurugenzi wa NMB katika mkutano uliofanyika tarehe 30 Machi 2012, ilipendekeza gawio la shilingi 50 kwa hisa. Pendekezo hili ni sambamba na ukuaji wa faida ya benki huku kukiwa na baki ya kutosha kuongeza mtaji na mahitaji ya gawio uliyopendekezwa ni sawa na sera za benki za kuwa na uangalifu makini wa tahadhari.

Pendekezo la gawio la shilingi 50 kwa hisa ni sawa na asilimia 39 juu ya lile lililotolewa mwaka uliopita la shilingi 36 kwa hisa. Kama litapitishwa na Mkutano Mkuu wa Mwaka wa benki, gawio hili litawakilisha pato la hisa la asilimia 6 lililoongezeka toka asilimia 5 mwaka jana.

### Hitimisho

Mwelekeo wa benki huko mbele ni mzuri. Licha ya mwendelezo wa hali isiyotabirika katika uchumi wa dunia, tunatarajia kwamba uchumi wa Tanzania utabakia imara ukiwa na ukuaji wa pato la Taifa la asilimia 6 katika mwaka 2012 na labda ukuaji mkubwa zaidi mwaka unaofuatia kutegemea na maendeleo katika hali ya ndani ya upatikanaji nishati na masoko ya Kimataifa.

Kwa niaba ya Bodi ya Wakurugenzi, napenda kushukuru Uongozi wa benki na Wafanyakazi kwa mwaka mwingine wa mafanikio ambao umezidi kuimarisha nafasi ya NMB kuwa moja ya benki yanayoongoza nchini Tanzania. Haswa napenda kuwashukuru kwa kuweka mtandao mpya wa kompyuta wa Benki, kuujaribu na kuuendesha ukiwa hai kwa mafanikio licha ya changamoto lakini kukiwa na mafanikio makubwa ambayo yatawezesha NMB kukua vizuri siku za usoni.

Pia napenda kuwashukuru Wadau wengine wakiwemo wateja wetu wa biashara ndogo na kubwa, Serikali ya Jamhuri ya Muungano ya Tanzania, na Wanahisa wetu kwa kuendelea kuunga mkono NMB.

Kwa mara yangu ya mwisho na nikiangalia miaka niliyoitumikia NMB, ninajisikia kuwa ninabahati kufanya kazi na watu wenye uwezo mkubwa na mpana ukijumlisha Menejimenti ya Benki, Wafanyakazi wanyadhifa mbalimbali nchi nzima na Wanahisa, ikiwa ni pamoja na Serikali ya Tanzania na mbia mkubwa ambaye ni benki ya Rabo. Rabo ni mojawapo ya benki kubwa ulimwenguni ambayo imewekeza NMB wakati wa kuibinafsisha. Nawatakiwa wote kwa ujumla pamoja na Benki mafanikio mengi ya baadaye na pia kuwashukuru kwa mchango wao kwa miaka yote hiyo.

Misheck Ngatunga  
Mwenyekiti wa Bodi



Ufunguzi rasmi wa **NMB Bank House** na  
Mh. Pinda mbele ya Mwenyekiti wa Bodi  
Bw. Ngatunga na wageni waalikwa



# Taarifa ya Afisa Mtendaji Mkuu

Mwaka 2011 ulikuwa ni mwaka wenye changamoto ambapo Benki iliingia kwenye mfumo mpya wa mtandao wa kompyuta. Pia na kuendelea kutotabirika na halitete ya soko la nje na la ndani. Hata hivyo kwa upande wa biashara yetu, NMB imeweza kupata matokeo mazuri, faida ya kabla ya kodi ni Tshs Bilioni 103 na baada ya kodi ni Tshs bilioni 72. Zote zikiwa ni zaidi kwa asilimia 31 na asilimia 33 ndani ya mwaka 2010.

## Uchumi na Maendeleo ya Soko

Soko la Fedha la Dunia lilikuwa si tulivu kwa kipindi chote cha mwaka 2011. Tanzania haikuathirika sana na mgogoro wa madeni iliyokumwa baadhi ya Mataifa ya Ulaya. Hii ni kwasababu ya muingiliano mdogo kibiashara kati ya taasisi ya Tanzania za fedha na zile za kimataifa, kitu ambalo kimekuwa kina kinga hasara inayotokana na muingiliano wa kiuchumi. Uchumi wa ndani umekuwa kimya na umeendelea kukua kwa Pato la Taifa kwa chini kiwango tarajiwa cha asilimia 6 kwa mwaka. Kwa hiyo uchumi wa Tanzania uliendelea kukua vizuri pamoja na kwamba kasi ya ukuwaji wa taifa cha asilimia 6 ilikuwa pungufu kidogo ukilinganisha na mwaka uliyotangulia.

Mwaka umeisha kukiwa na tatizo wa ndani ya nchi wa nishati na hali tete ya viashiria vya soko.

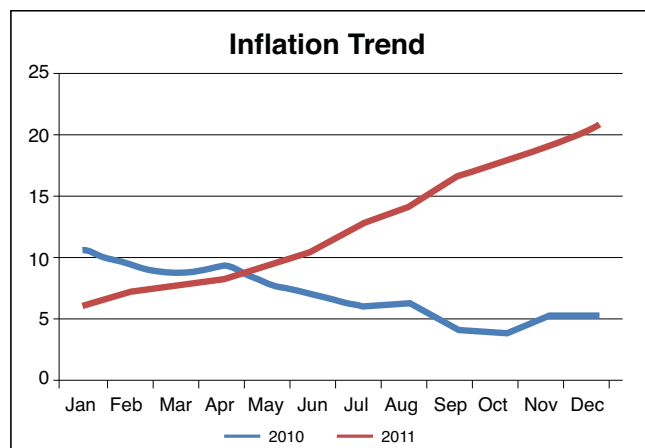
Upungufu wa mafuta, gharama za juu za mafuta, kupungua kwa uzalishaji wa nishati ya Umeme na hali tete ya bei za mazao vimeathiri soko la ndani kwa 2011. Bei za juu za mazao na kupanda kwa bei ya mafuta zimepelekea



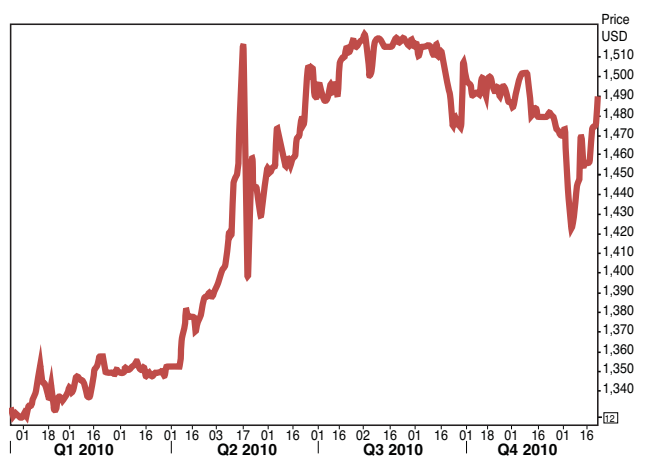
**“Mwaka 2010, NMB imeweza kupata matokeo mazuri ya kifedha kwa faida kabla ya kodi ya shilingi 103 bilioni (asilimia 31) na faida baada ya kodi ya shilingi 72 bilioni (asilimia 33).”**

kuongezeka kwa mfumuko wa bei kwa zaidi ya asilimia 10 mwishoni mwa mwaka. Hali hiyo imejitokeza hata katika masoko mengine ya nchi za Afrika Mashariki.

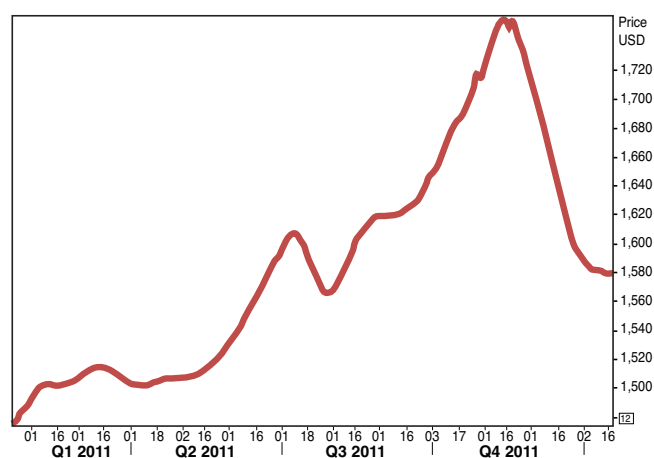
Wakati huohuo, msukumo kwenye soko la fedha za kigeni umepelekea kuzorota kwa thamani za sarafu za nchi mbalimbali ikiwamo Shilingi ya Tanzania.



Chanzo: Benki Kuu ya Tanzania

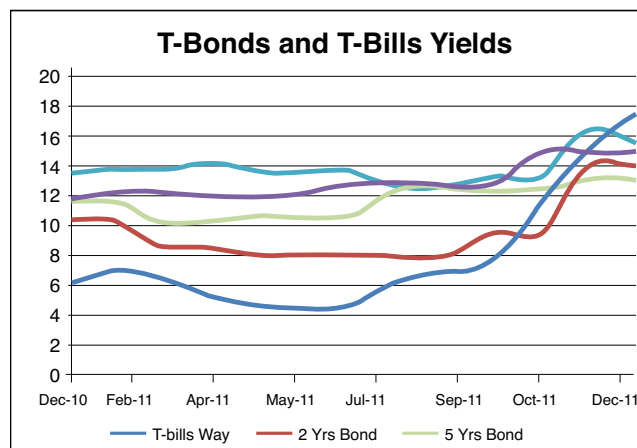


Chanzo: Benki Kuu ya Tanzania



Chanzo: Benki Kuu ya Tanzania

Benki Kuu ya Tanzania ilikabili na changamoto hizi kwakuimarishakwa sera zake za Fedha, ikiwa ni pamoja na kupandisha kiwango cha Akiba ya Lazima ya Kisheria kwa benki na kupunguza Ukomo wa Wazi wa benki, wakati huo huo kuongeza kiwango cha fedha za kigeni sokoni. Pia kiwango cha kubadili fedha za kigeni dhidi ya dola kurudi katika hali ya kawaida kwa kupitia ujazo wa fedha katika soko kuwa adimu na riba kuwa kubwa kwa masharti ya kawaida, hasa kwa wiki na miezi ya mwishoni mwa mwaka.



WAY - Weighted Average Yield

Chanzo: Benki Kuu ya Tanzania

## Mkakati

Katika mwaka 2011, na kwa utaratibu wake wa kawaida wa kupitia mkakati wake na matokeo ya kiutendaji kwenye soko linalobadilika, benki imeimarisha tena Kauli Mbiu kwa kuzifanya huduma za kifedha kuwa za gharama nafuu zenye kumlenga mteja wa jamii ya Tanzania, kwa kutumia mtandao mpana wa matawi yetu na kutumia ubunifu katika kuwafikia ili kuwa na manufaa kwa wadau wetu wote. Dira yetu kuu ni kutambuliwa kuwa chaguo la kwanza miongoni mwa taasisi za utoaji huduma za fedha nchini Tanzania. Mwongozo wetu ndiyo inayotusukuma kutimiza matarajio yetu.

Katika mwaka 2011 pia tumeongeza uwezo wetu wa kuhudumia wateja wakubwa, wateja wa makundi ya kati na wadogo, kwa wigo mpana wa ukopesaji, utatuzi wa ukwasi na kutoa jawabu kwa miamala kwa kupitia matawi na njia za kielektroniki.

Idara yetu ya utoaji huduma kwa Wateja wa Wakubwa inalenga kutoa huduma kwa mahitaji

ya kibenki kwa wateja wakubwa (Wawekezaji wa Ndani au Nje), kwa serikali (Serikali kuu na Serikali za Mitaa na Taasisi zake) pia taasisi zisizo za kifedha, Mashirika ya Kimataifa na Taasisi zisizo za kiserikali. Kwa kuongezea pia na kuhamishia huduma za Kitengo chetu cha Kilimo katika Idara ya Wateja Wakubwa.

Idara yetu ya Wateja Wadogo kwa sasa inalenga zaidi kukithi matakwa ya wateja binafsi, na kwa wajasiriamali wadogo na wa wakati (MSME). Timu za bidhaa zina jukumu la kubuni bidhaa na mipango ya kuziua kwa kusaidia mtandao wa matawi yetu na njia mbadala zinazoendeshwa na kitengo cha wateja wadogo maeneo ya mijini na vijijini.

Idara yetu ya Hazina imeongezewa nguvu kwa mtazamo wa kukifanya kuwa mshiriki mkubwa katika nchi kwenye Soko la Fedha na la Fedha za Kigeni ikilinganishwa na uwezo wetu kwenye soko.

### Huduma kwa Wateja Wadogo

Huduma kwa wateja wadogo itabakia kuwa msingi wa NMB. Katika kuendeleza kauli mbiu (dhima) yetu ya kutoa majawabu ya kifedha kwa gharama nafuu kwa jumua ya Watanzania, maeneo ya vijijini na hata maeneo ya mijini. Benki imeendelea kukuza msingi wake wa wateja binafsi wapatao bilioni 1.7 kwa zaidi ya asilimia 21 ukilinganisha na mwaka 2010. Amana za wateja wadogo zimeongezeka kwa kiwango ambacho ni kidogo cha asilimia 13, hii inaamsha uhitaji wa NMB kuendelea kutumia njia zake za kipekee ili kukuza amana.

Wakati huohuo mapato ya benki yameendelea kuongozwa na kukua kwa huduma ya mikopo kwa wafanyakazi wa taasisi mbalimbali, ambayo imekuwa kwa asilimia 43, na kusaidia kuweka vizuri mizania ya benki. Uwiano wa mikopo kwa amana imefikia asilimia 64. Ikiwa ndani ya kiwango cha juu kinachoruhusiwa kisheria cha asilimia 80. Thamani ya mikopo ya wafanyakazi imefikia bilioni 624 kwa mwaka 2011.

Idara yetu ya wajasiriamali wadogo na wa wakati, imeendelea kukua vizuri. Imefikia zaidi ya wateja 53,900 wakiwa na zaidi ya shilingi 200 bilioni zilizotumika kuwakopesha makampuni

madogo na wafanyabiashara wenye viwanda. Kiwango cha biashara hii kinaridhisha na kinathibitisha nia ya ujasiriamali wa Watanzania, na uwezo na utayari wa NMB kuwa kama kiongozi katika kukopesha biashara ndogondogo, kwa masharti ambayo yanaonekana kuwa nafuu zaidi ukilinganisha na wakopeshaji wengine wadogo. Kwa hilo NMB inatumia mfumo wa uwazi katika kupanga bei ikiwajumuisha wadau wote wa soko la ukopeshaji.

Benki imeendelea kujenga njia zake mbadala za kutoa huduma za benki kwa njia ya simu na Mashine za kutolea fedha. Idadi ya watumiaji wa huduma za benki kwa njia ya simu wameongezeka kufikia 552,000, kwa miaka iliyopita iliongezeka kwa asilimia 38 ingawa ni chini ukilinganisha na soko lilivyo. Soko hili tunalilenga kwa kuanzisha huduma kama vile kulipia ankara za huduma na malipo ya kabla ikijumuisha watoahuduma kama Dawasco (Ankara za Maji), DSTV ('satellite TV'), na Mamlaka ya Mapato Tanzania ambao walijumuishwa kwenye huduma kwa mwaka 2011. NMB pia tumeanzisha "PesaFasta" ambayo itawezesha wateja kutuma fedha kwa watu wasio na akaunti kwa kutumia mashine za kutolea fedha za NMB bila kuhitajika kuwa na kadi. Huduma hii ya kutuma fedha inapata ushindani mkubwa toka kwa makampuni ya simu za mkononi, ambazo biashara yao haina masharti sawa na ya benki (kama vile Kumtambua Mteja wako, au kuwa na jengo la kufanyia malipo kama ilivyo kwa benki za biashara)

Mtandao wetu wa mashine za kutolea fedha umekua kufikia mashine 450, zilizojengwa kwenye matawi yetu na mbali na eneo la matawi yetu. Inakadiriwa kuwa asilimia 40 ya mashine zote za kutolea fedha nchini Tanzania ni za NMB. Wateja wetu wenye kadi za kutolea fedha wamefikia milioni 1.3 na inakadiriwa kuwa kampuni yenye wateja wengi wanaotumia kadi za benki nchini.

Uwiano wa elektroniki na utaratibu wa kulipa moja kwa moja dhidi ya ule wa kulipa bila akaunti au utaratibu wa kutumia simu za mikononi unaendelea kukua na hii ni ishara ya kukua kwa ufanisi wa benki kwa lengo la kukuza



njia mbadala za kuwafanya wateja wetu kujihudumia wenyewe.

Mtandao wa matawi yetu yapatayo 141 umeendelea kuwa mtandao unaoongoza kati ya mitandao ya mabenki yote nchini Tanzania ili kuitimiza lengo letu la kuwahudumia wateja wa vijijini. Tumekuwa muhimu kwa uchumi wa maeneo yaliyosahaulika hasa jumuiya na wilaya ambazo mwisho wa mwaka 2011 ilikuwa inamatawi kwenye wilaya 124 kati ya wilaya 129 za kiserikali Tanzania Bara na katika mikoa yote.

### **Wateja Wakubwa**

Idara hii imeendelea kuwahudumia wateja wakubwa wa Kimataifa, wateja wa ndani ya nchi, Taasisi za serekali na Tasisi nyingine. Timu yetu ya huduma inafanya kazi ikiwa makao makuu Dar es Salaam, wakitoa huduma za mikopo, fedha, Miamala (transactional) na kutafuta amana nchini. Wameimarishwa kwa kuajiri mameneja uhusiano wenye uzoefu ambao wanahitaji kuongeza thamani si kwa wateja wetu wa mikopo tu bali pia kwa miamala na mahitaji ya fedha za kigeni kwa kuwasiliana na wataalamu wa huduma mbalimbali.

Katika mwaka 2011, tuliunda timu mpya ya kushughulikia biashara ya miamala ya kibenki ikiwa na lengo la kushughulikia malipo, makusanyo ya fedha na biashara ya fedha kwa wateja wetu wakubwa Serikali kwa kusaidiwa na mtandao wa matawi yetu na huduma za kielektroniki.

Pia timu yetu ya Hazina iliimarishwa ili kuhakikisha sio tu kwamba inaiweka benki kwenye nafasi nzuri katika soko la fedha ila pia inahudumia biashara ya kubadilisha fedha za kigeni na kuangalia mahitaji ya wateja wetu. Hii ni pamoja na kutoa tahadhari ya kuwezesha wateja wetu wakubwa wajue na uwezo wao kifedha, na ukwasi wa kutosheleza mahitaji ya kufanya miamala yao ya kibenki.

Timu yetu ya kilimo inafanya kazi na wakulima wa miwa (out-growers) na vyama vya ushirika, ambapo kupitia vyama vyao wameweza kuwafikia wakulima zaidi ya kaaya 500,000 wakiwa na mikopo ya thamani ya shilingi 67 bilioni. Bidhaa yetu kuu ya kukopesha kupitia Stakabadhi Ghalani, iliyoanzishwa na NMB

miaka kadhaa iliyopita, ambapo sasa mikopo inathamani ya shilingi 113 bilioni, kwa mazao mchanganyiko, Korosho, Ufuta, Kahawa na kadhalika. Benki pia imeendelea kuwa mdau mkuu wa Serikali nchi nzima katika kutekeleza mpango wa stakabadhi za mazao, kwa sababu ina mtandao mkubwa wa matawi ambao unaruhusu kufikia maeneo ya wakulima nchi nzima.

### **Huduma Saidizi**

#### **Tekinologia ya Komputa na Mawasiliano**

Mwaka 2011 ulikuwa wa kuhama kwenda kwenye mfumo mpya wa kompyuta (Core Banking System), ambao ulihitaji mtaji mkubwa na uwekezaji kwenye rasilimali watu. Kuhamia na kuanza kutumia mfumo mpya mwezi Novemba 2011 ilikwenda vizuri. Napenda kushukuru wafanyakazi wetu wote kwa kufanya kazi nzuri katika mazingira magumu.

Mfumo mpya wa Kompyuta ni mfumo wa kisasa kwa kazi za kibenki unaojulikana kwa jina la Oracle Flexcube Universal Banking System. Mfumo huu mpya unaiwezesha benki kuendelea kumiliki uongozi wake wa soko na kuendelea kukabiliana vyema na kukua kwa idadi ya wateja wake. Kwa utaratibu huo mawasiliano ya taarifa katika matawi yetu yote yatakuwa yamepanda kiwango kutoka katika kutumia njia ya zamani ya waya za na viunganishi visivyo vya wire. (Wireless failover links).

Wakati ambapo kuhama mwezi Novemba kulienda vizuri, matatizo madogo yasiyo na kwa wateja kazi kubwa inaendelea kufanywa ili kuweka mfumo katika hali ya kawaida katika kazi za kila siku, ili kupata matokeo chanya yaliyotarajiwa wakati wa kuchangu mfumo huu.

Benki inaitumia mifumo kadhaa na viunganishwa mbalimbali ikijumuisha mashine za kutoleo fedha, kupitia simu za viganjani, na nyingine za kielektroniki na kutumia huduma za benki kupitia mtandao. Mahitaji haya yanapelekea uhitaji wa kuboresha wafanyakazi wetu wa kitengo cha komputa, viwango vyetu vya utendaji na nidhamu ya uongozi.

## Vifaa, Mali na Manunuzi.

Katika mwaka 2011, tumeweza kufikia mafanikio mazuri katika uongozi wa idara yetu ya Vifaa, kuboreshwa kwa wagizaji wa bidhaa na Usimamizi wa stoo. Pia kutumia vitu mbalimbali ikiwamo vya kusimamia matumizi mafuta, na vifaa mbalimbali vya ulinzi ili kuangalia na kupunguza uchafuzi.

Kwa upande wa mali, ziliwekwa zaidi ya mashine mpya 90 za kutolea fedha katika matawi na mbali na matawi na kufikisha jumla ya mashine 450 nchi nzima. Matawi 21 yalimarabatiwa, au kuhamishiwa katika majengo mengine au kujengwa upya katika mwaka 2011. Inakadiriwa kwamba asilimia 43 ya machine za kutolea fedha nchini Tanzania ni za NMB, na asilimia 34 ya matawi ni matawi ya NMB. Zaidi ya asilimia 60 ya matawi yetu yamejengwa nje ya miji.

Kwa mtawanyiko huo wa kijiografia tumeweka nguvu katika kuhakikisha kuwa matawi hayo yanajengwa vizuri, yanatunzwa, yanawekwa na kuwa na mawasiliano na mahitaji mengine yanakuwepo na kuendelea kupatikana kwa wingi. Juhudi zaidi zinachukuliwa ili kuhakikisha matawi yetu yanakarabatiwa kwa wakati na kuwa na mwonekano sawa.

Shughuli za manunuzi zimemairishwa nguvu kwa kuongezewa usimamizi madhubuti, kukagua matokeo ya upembuzi wa watoa huduma, rejista ya tahadhari na hatua nyingine zilizochukuliwa kwa ajili ya kuharakisha na kuongeza ufanisi katika viwango vyetu vya manunuzi.

## Ukaguzi, Mikopo, Tahadhari na Utimilifu

Kazi za wakaguzi wa ndani zimeendelea kusaidia benki katika kufikia malengo yake, kwa kupima uwezo wa kukabili athari na kufuatilia. Wakaguzi ili kuchukua hatua za ndani. Wakaguzi wa nje na wasimamizi hawapati muda wakutosha kufanya yote haya. Wakaaguzi wa ndani, pia husaidia Bodi ya ukaguzi, kamati ya tahadhari na utimilifu katika kujipima utekelezaji wa majukumu yake, na yale ya watoaji huduma wengine.

Kamati ya mikopo imechangia katika

kurekebisha sera yetu ya mikopo, kuimarisha mchakato wa uidhinishaji wa mikopo, wakati huohuo kuongeza usimamizi kwa kuanzisha kitengo maalumu cha usimamizi wa mikopo na kuendelea kusimamia na kuangalia hali ya mikopo ambayo imeendelea kuwa katika viwango vinavyokubalika na benki, ushahidi wake ni uwiano wake na faida ya benki.

Katika upande wa kusimamia tahadhari, usimamizi zaidi umewekwa kwa kuanzishwa kwa kamati ya kuidhinisha huduma, kuanzishwa kitengo cha kuangalia tahadhari (pia inajulikana kama Ofisi ya kati ya Hazina), kuanzishwa kwa kamati ya kuangalia tahadhari katika utendaji zaidi ya utendaji wa kawaida.

Kwa upande wa Usimamizi wa Utimilifu, benki imepitisha sera mpya ya tahadhari katika Utimilifu na kutafsiri eneo la utendaji wake. Kama sehemu ya mkakati wa elimu ya rushwa na kukabili rushwa benki imeanzisha sera ya utoaji taarifa ijulikanayo kama "Whistleblowing". Mwaka huu pia umekuwa na msukumo wa kuhusisha taarifa za wateja wetu, kwa kuzingatia mwisho wake ni mwanzoni mwa 2012, katika mtazamo wa kuimarisha sheria za upambanaji wa usafishaji wa fedha chafu.

## Rasilimali watu

Katika mwaka 2011, kiwango cha kuongezeka wafanyakazi kilitulia, kwa jumla ya wafanyakazi kufikia wafanyakazi 2,650, kati ya hao 1535 ni wanaume na 1115 ni wanawake.

Kumeendelea kuwa na uhusiano mzuri baina ya Menejimenti na Chama cha Wafanyakazi kwa mwaka 2011 na pande zote mbili walitia sahihi makubaliano ya pamoja tarehe 1 Julai 2011. Menejimenti inaendelea kuhakikisha uwepo wa mahusiano mazuri na wafanyakazi na kuendelea na majadiliano na kuendesha mafunzo ya sheria za kazi kwa wawakilishi wa wafanyakazi.

Kupima uwajibikaji umeendelea kuenea benki nzima na wafanyakazi na wawakilishi wao walihudhuria mafunzo kwenye Mukutano wao mkuu wa mwaka 2011.

Menejimenti pia imeendelea kuhakikisha kuwa malipo ndani ya benki yanakuwa sawa kwa

wale walio katika ngazi moja na benki ilifanya utafiti wa mishahara na mafao katika soko na kurekebisha mishara ya wafanyakazi kulingana na utafiti huo.

Benki pia ilianzisha sera ya mikopo ya nyumba katika mwaka 2011 kusaidia wafanyakazi kumiliki nyumba zao kwa gharama nafuu.

Benki pia iliendelea kuwekeza katika mafunzo ya wafanyakazi na ilitumia shilingi 1,724,000. Tutawekeza zaidi katika kuboresha mafunzo na kuendeleza wafanyakazi.

Mafunzo ya uongozi kwa Meneja waandamizi yaliendeshwa kwa ufanisi na yalilenga katika kukuza uwezo wa kada ya viongozi kwenye benki.

Mpango wa Mafunzo ya Menejimenti (Management Trainee Program) ulimalizika na wale wahitimu wa vyuo vikuu walioonyesha uwezo mkubwa walipewa nafasi mbalimbali benki.

Wafanyakazi wote na wategemezi wao wanaendelea kupewa matibabu na huduma kupitia mpango wa benki wa matibabu.

Benki imeendelea kuchangia kwenye mfuko wa mafao ya kisheria ya wafanyakazi kwa mpango wa uchangiaji uliowekwa, na benki imetambuliwa (PPF) kama washindi wa pili kwa kuwasilisha michango ya wafanyakazi wake kwa muda muafaka kwa mwaka 2011.

### Uimara wa benki

Katika miaka ya karibuni NMB imelichukulia jukumu la uwajibikaji kwa jamii kwa umakini mkubwa na imechangia mpaka asilimia 1 ya faida ya benki baada ya kodi kwa manufaa ya jamii inayotuzunguka. Wakati mwingi imekuwa katika Michezo, Elimu na Afya na wakati mwingine kwenye majanga ya kitaifa yenye kuleta athari kubwa kwa jamii.

Katika mwaka 2011, tuliendelea na udhamini wetu kwa Timu ya Taifa ya mpira wa miguu, ambapo pia tulijikita kwenye kukuza vipaji vya vijana wachezaji wa mpira wa miguu kwa kusambaza mipira kwa shule za msingi na za sekondari nchini Tanzania. Tuliwafikia zaidi ya vijana wakiume na wasichana wapatao 40,000

kwenye zidi ya shule 2,500 nchi nzima na kupeleka mipira 5,000 yenye nembo ya NMB.

Katika nia yetu madhubuti ya kuchangia katika mahitaji ya shule nchini, NMB imechangia madawati 1,900 yenye thamani ya shilingi 94 milioni kwa zaidi ya shule 25, ambapo imewezesha wanafunzi kwenye shule zenye mahitaji kupata nafasi ya kuwa na mazingira mazuri ya kusomea.

Benki pia imechangia kwenye Hosipitali ya Saratani ya Ocean Road na Hosipitali za wilaya zenye mahitaji ya vitanda na mahitaji muhimu.

Mwisho, benki ilichangia kwenye majanga ya dharura ya kitaifa kama vile mafuriko, mlipuko kwenye ghala la silaha la Gongolamboto na kuzama kwa boti kwenye pwani ya Pemba. Misaada hii ni ya uhitaji ambayo inafanywa kwa kushirikiana na wadau, kiwa na ridhaa ya serikali

Benki hupokea maombi mengi na inalazimika kukubali maombi ya kusaidia baadhi ya miradi na kukosa kusaidia mengine. Menejimenti imechagua kulenga kwenye sera yake ya CSR au kuwa na bajeti endelevu kwa shughuli zinazokaribiana na dira yetu. Kwa kutoa huduma za kifedha kwa jamii kubwa ya wananchi inayoendelea kuelimika.

NMB ni benki yenye mchango mkubwa kwenye jamii inayoizunguka zaidi ya bajeti ya asilimia 1 ya faida yake baada ya kodi kinyume na kampuni nyingine, jukumu la benki ni kubwa zaidi na athari zake za kimaendeleo kwenye jumuiya ni kubwa zaidi, unapoangalia athari za uchumi kwa ujumla wake inapowapa mwanya wa huduma za mikopo kwa jamii ambayo haikuwa inatumia huduma za benki.

Athari za kiuchumi kwa kupata fursa za kutumia huduma za kibenki katika nchi zenye uchumi unaokua kama Tanzania kwa kawaida inavutwa na vigezo vifuatavyo:

- Kufikia kwa watu vijijini
- Fursa za huduma za fedha kwa sekta ya kilimo
- Kusaidia wajasiriamali wadogo
- Fursa nzuri ya mtandao wa kufanya malipo
- Na mwisho, kuondoa umaskini wa kipato

Kama vitu hivyo vinne vya juu vitakuwa vimepatikana kupitia shughuli za kawaida za benki, itaendelea pia kufikiria kwamba kuinua kipato si kuwawezesha watu binafsi na jumua katika kupata mahitaji yao bali pia kwa benki kupata faida ili kuendelea kutoa huduma kwa maeneo zaidi ya 140 ambayo inawahudumia wanachi wa Tanzania. Vilevile benki itatumia sehemu kubwa ya bajeti ya CSR kwa mwaka 2012 katika kujenga uwezo wa kifedha mashuleni na wafanyabiashara wadogo na wakati.

Kama sehemu ya juhudi zake endelevu, NMB pia imeanzisha Mfuko wa Maendeleo ya Kilimo (NFAD). Ambao kwa sehemu unafadhiliwa na Mfuko wa Rabobank, NFAD imeanzishwa ikiwa na dira ya kuchangia katika kuendesha biashara endelevu katika kilimo. Kwa kufanya hivyo mwanzoni ililenga katika kutoa mafunzo kwa Vyama vya Ushirika vya Msingi (PCS) na kwa Ushirika wa Masoko wa Wakulima (AMCOS) katika kuendesha vyama na Masoko na kuendesha mikopo. Katika kuendelea na kuangalia huu kama msingi, NFAD inatarajia kusaidia ubunifu mwingine kwa kushirikiana na wadau wengine ambao utasaidia kuleta mabadiliko ya maana kwa wakulima wadogo kwa kupata mavuno mengi na kupata bei nzuri. NFAD imeweza kuvifikia vyama 478, kwa kuwafundisha wakurugenzi 3,000 wakiwakilisha zaidi ya wakulima 200,000.

### Msaada wa Kitaalamu

Jambo moja la faida kwa kuwa na mpango wa ushirikiano na washirika kama Rabobank, ambayo ni benki inayoheshimika katika benki za kimataifa ni kuwa na uwezo wa kupata wataalamu wenye ufahamu na waliobobea katika maeneo mbalimbali. Katika mwaka 2011 wawakilishi wa Rabobank waliisaidia NMB katika nyanja mbalimbali zikiwemi za uwekezaji katika majengo, Mafunzo ya Mikopo, Kupanga mikopo, Kuhamia kwenye Mfumo Mpya wa kompyuta, elimu ya fedha kwa wakulima wadogo, taratibu za Manunuzi na mambo mengine yaliyohitajika na NMB.

Wafanyakazi wa NMB pia walipata fursa ya kwenda Uholanzi kupata uzoefu wa mfumo wa biashara kuhudumia wateja wa rejareja kama chanzo cha mafunzo kwa shughuli za NMB

### Taarifa za Fedha

Kumekuwa na ukuaji mkubwa wa mikopo na faida inayotokana na miamala, ikiwa ni pamoja na kupungua kwa mikopo isiyolipika. Vimetupa matokeo mazuri kama ifuatavyo:

- Mapato yameongezeka kwa asilimia 33 kufikia shilingi 267 bilioni
- Mapato ya riba yameongezeka kwa asilimia 36 kufikia shilingi 193 bilioni
- Mapato ya ada na uwakala kwa asilimia 25 kufikia shilingi 68 bilioni

Wakati ambapo ongezeko la amana halikuwa la kuridhisha, tulipata faraja kutokana na kuongezeka kwa amana za wateja binafsi kwa asilimia 8 kufikia shilingi 916 bilioni.

Kiwango cha mikopo isiyolipika (NPL) kimekuwa katika kiwango kinachokubalika cha asilimia 2, Mikopo ya hasara (impairment) kwa mwaka 2011 ni shilingi 12 bilioni au asilimia 1.03 ya mikopo yote. Kiwango kinachokubalika cha mikopo ya hasara ni asilimia 1.4, inaonyesha uhalisia wa uwezo wa kutambua na kuweka viwango kwa mikopo isiyolipika.

Viashiria vya kiwango cha ufanisi kama uwiano wa gharama dhidi ya Mapato na Mikopo dhidi ya amana ilikuwa ni asilimia 64 na asilimia 57 kwa mfuatano, vyote vikiwa vimeimarika ukilinganisha na miaka iliyopita.

Uwiano wa faida na uwekezaji wa wanahisa umeongezeka kwa asilimia 28, Mtaji wa msingi wa benki imeongezeka kufikia shilingi 239 bilioni, au asilimia 19 kiwango kinachokubalika ikiwa ni juu zaidi ya mabenki yote nchini Tanzania.

Tunaomba mkutano mkuu uidhinishhe gawio la shilingi 50 kwa kila hisa kama ilivyopendekezwa na Bodi ya Wakurugenzi. Uwiano wa utoshelevu wa mtaji umebakia kuwa asilimia 20, ni zaidi ya kiwango kilichopitishwa cha asilimia 12, na ni zaidi ya kiwango kilichoongezwa na Bodi ya Wakurugenzi. Viwango hivi vya mtaji vitawezesha NMB kukidhi mahitaji yake ya muda mfupi na wa kati ya uwekezaji kwenye rasilimali watu, huduma, Mtandao wa matawi na kuongeza teknolojia ili kukidhi mahitaji ya ukuaji wa idadi ya wateja. Kuendelea kukua kwa mikopo kwenye vitabu vyetu ambayo inabeba asilimia 100 ya uzito wa tahadhari wakati





**NMB** ni  
Benki ya  
kwanza  
nchini  
Tanzania  
kuwa na  
akaunti  
maalumu  
ya Wakulima  
(NMB Kilimo  
Account)

huohuo kuendelea kutunza kiwango cha kisheria cha ukopeshaji kwa mtu mmoja ambacho kinatuwezesha kukopesha wateja wakubwa nchini.

### Muonekano

Kama nilivyoeleza mwanzo, wakati ambapo kiwango cha ukuaji wa pato la Taifa kwa Tanzania kimeshuka kidogo kufikia asilimia 6 kwa mwaka bado, ni bora zaidi ukilinganisha na mataifa yanayokua. Ingawaje Tanzania imelindwa kutokana na athari za maendeleo ya soko la dunia, kuna kiwango cha uhitaji kitakacho kuwa na athari kwa mwaka 2012 ikijumuisha:

- Kuendelea kwa matatizo ya nishati nchini
- Upatikanaji wa mahitaji kutoka kwa nchi wafadhili
- Kuyumba kwa bei za bidhaa katika soko la dunia (mafuta ghafi) na bidhaa za kuuza nje (Koroshu, Dhahabu, Pamba nk.)
- Kuyumba kwa bei ya kubadilishia fedha za kigeni na soko la fedha

Kwa kupambana na hali isiyotabirika, tunauhakika benki itaendelea kupata maendeleo ya kuwa na uchumi imara. Matokeo ya jumla ya benki yana muunganiko na biashara yake ambayo haitegemei maendeleo ya riba na nguvu ya ushindani ikijumuisha watoaji huduma wa simu za mkononi, wakati huohuo madhara ya maendeleo hasi kutokana na kushuka kwa mikopo imekuwa ni sehemu katika biashara yetu.

Tutaendeleza na juhudi zetu za kuboresha huduma kwa wateja kwa kuimarisha timu zetu za vitengo vya biashara ya rejareja na jumla. Kwa kuboresha mchanganuo wa biashara yetu kwa kuwa na mtazamo wa kuongeza amana za wateja na kukua kwa ada za miamala na mapato ya uwakala. Pia tutaendelea kuwekeza rasilimali kwenye mtandao wetu wa Kompyuta ili kupata matokeo tarajiwa wakati wa kuinunua.

Kwa ufupi, benki itaendelea kuimarisha viashiria vya kujipima, kiutendaji na kifedha.

**Mark Wiessing**  
Afisa Mtendaji Mkuu wa NMB

# Tuzo zilizopokelewa mwaka 2011



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



# Miaka saba ya mapitio ya fedha

	2011	2010	2009	2008	2007	2006	2005
<b>Taarifa ya hali ya kifedha</b>							
Mikopo ya muda mfuji	1,124	858	673	571	345	137	85
Jumla ya mali ya kampuni	2,156	2,107	1,669	1,384	1,158	795	690
Akaunti za Amana na Hundi	1,790	1,813	1,459	1,200	1,013	688	617
Jumla ya mali itokanayo na hisa	284	231	192	160	122	91	61
<b>Taarifa ya mapato ya jumla</b>							
Mapato kamili ya riba kabla ya hasara ya mikopo	185	130	128	123	105	76	53
Hasara ya mikopo isiyolipika	16	17	17	10	3	3	2
Mapato yasiyokuwa na riba	81	70	40	32	30	25	22
Matumizi ya riba	8	11	14	12	9	7	5
Matumizi ya uendeshaji	152	120	93	77	74	53	37
Faida kwa mwaka	72	54	48	49	39	35	25
<b>Taarifa nyinginezo</b>							
Mapato kwa kila hisa za kawaida **	143.68	107.96	95.10	97.41	77.67	70.15	50.62
Mapato yatokanyo na wastani wa mali ya kampuni	3%	3%	3%	4%	4%	5%	4%
Mapato yatokanayo na wastani wa mali yatokanayo na hisa	28%	26%	27%	35%	36%	46%	41%
Gharama kwenye mapato ya uwiano	57%	60%	55%	50%	55%	53%	50%
Gharama za mikopo yenye hasara vs wastani wa mikopo	2%	2%	3%	2%	1%	3%	2%
Soko la mitaji *	425	330	405	485			
Bei kwenye kitabu cha uwiano *	1.49	1.43	2.11	3.04			
<b>Taarifa za gawio</b>							
Gawio kwa kila hisa - hisa za kawaida zilizotangazwa **	50.00	36.00	31.40	30.00	22.00	16.00	10.00
Hisa zilizopatikana -gawio la kawaida *	6%	5%	4%	3%			
Kinga ya gawio kwa kuzingatia jumla ya gawio	2.87	3.00	3.03	3.25	3.53	4.38	5.06
Mapato yaliyopatikana - gawio la kawaida *	17%	16%	12%	10%			
Bei ya kufungia hisa sokoni - hisa za kawada *	850	660	810	970			
Bei/ Uwiano wa mapato *	5.92	6.11	8.52	9.96			

\* Kabla ya mwaka 2008 Benki ilikuwa haijaorodheshwa kwenye soko la hisa, kwahiyo uwiano (au takwimu zilikuwa hazipatikani) haukuwa umefanyiwa mahesabu ili kuepusha .....

\*\* Kabla ya Ofa ya Mwisho kwa Umma, benki ilikuwa na hisa milioni 2 zilizotolewa na kulipwa. Toka hapo mtaji wa hisa ukawa umetengwa kwa hisa milioni 500 zilizotolewa na kulipwa. Gawanyo la kawaida limekuwa likitumika miaka yote kwa mapitio.

# Utawala Bora

---

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

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

## Bodi ya Wakurugenzi

### Majukumu

Bodi inajukumu la kusimamia kwa umakini utawala bora na mwongozo wa Kampuni. Wajumbe wa Bodi wana kazi ya kutekeleza uongozi, ukweli na maamuzi yaliyo wazi, yenye haki na yanayotekelezeka.

Bodi ina majukumu ya kuchagua uongozi, kubuni mkakati wa kibiashara, sheria, taratibu na kusimamia taratibu za kazi ikiwa ni pamoja na kutambua hatari zinazoweza kuathiri benki. Bodi pia ina majukumu ya kusimamia mahusiano mazuri na wadau wote wa benki.

### Wajumbe

Mwaka 2011 Bodi ya Wakurugenzi ilikuwa na wajumbe nane wasio watendaji wote wakiwa na ujuzi na uzoefu.

### 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 yanawasilishwa kwenye Mkutano Mkuu wa mwaka wa Wanahisa kwa uteuzi kuwasilishwa Benki Kuu ya Tanzania kwa kupata kibali.

Wakurugenzi wote wasio watendaji wanatakiwa kustaafu kwa mzunguko na kuchaguliwa tena na wanahisa kila mara kulingana na mwongozo na sheria za Benki. Mzunguko huu ni muhimu ili kuhakikisha muendelezo wa kupata wakurugenzi wenye ujuzi na uzoefu. Miaka ya kuwa Mkurugenzi haina kikomo. Sheria ya Kampuni ya mwaka 2002 inahitaji Mkurugenzi astaafu akiwa na miaka 70 ila sheria inaruhusu pia Mkurugenzi huyo kuchaguliwa tena.

### Kujiuzulu

Mkutano mkuu wa wanahisa uliofanyika 2011,

Mkurugenzi Bruce Dick alipendekezwa na Rabobank na kuteuliwa na Mkutano Mkuu 2010 aliomba kujiuzulu ili kuendelea na majukumu mengine ndani ya Rabobank. Nafasi yake ilichukuliwa na Bwana Albert Jonkergouw.

Mkurugenzi Yona Killagane pia aliomba kujiuzulu kwenye Bodi ya NMB ili ajiunge na Bodi ya Wakurugenzi ya Benki Kuu ya Tanzania. Kwa kuwa Benki Kuu ya Tanzania ni msimamizi wa benki zote kungekuwa na mgongano wa kimaslahi kama angekuwa kwenye Bodi zote mbili. Kujiuzulu kwa Yona Killagane moja kwa moja kuipeleka kujiuzulu kwa Bwana Amani Sinare aliyekuwa mbadala wake kutokana na kifungu namba 98 (1) cha Sheria ya Kampuni.

Bodi, Uongozi na wanachama wote wa NMB wanawashukuru sana Wakurugenzi hawa kwa michango yao kwa NMB.

## Vikao vya Bodi

Bodi inakutana kila miezi mitatu na vikao vingine ikilazimika.

Mwaka 2011 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 (8)
- Kamati ya Wakurugenzi Tendaji (2)
- Kamati ya Bodi ya Ukaguzi na Usimamizi (6)
- Kamati ya Bodi ya Rasilimali Watu na Mishahara (4)
- Kamati ya Bodi ya Mikopo (10)

S/Na.	Jina	Bodi Kuu	Kamati ya Bodi ya Wakurugenzi Tendaji	Kamati ya Bodi ya Ukaguzi na Usimamizi	Kamati ya Bodi ya Mikopo	Bodi ya Rasilimali Watu nai Mishahara
1.	Mr. Misheck Ngatunga	Mwenyekiti	Mwenyekiti			
2.	Mr. Felix Mosha	Mjumbe	Mjumbe		Mjumbe	Mwenyekiti
3.	Mr. Albert Jonkergouw	Mjumbe	Mjumbe		Mjumbe	Mjumbe
4.	Mr. Jos van Lange	Mjumbe		Mwenyekiti		
5.	Mr. Mike Laiser	Mjumbe		Mjumbe		Mjumbe
6.	Mr. Protase Tehingisa	Mjumbe		Mjumbe		Mjumbe
7.	Mr. Margaret Ikongo	Mjumbe				Mjumbe
8.	Mr. William Mlaki	Mjumbe		Mjumbe	Mwenyekiti	

	Vikao wa Bodi	BHR&RC	Kamati ya Bodi ya Ukaguzi na Usimamizi	Kamati ya Bodi ya Mikopo	Kamati ya Bodi ya Wakurugenzi Tendaji	Mkutano Mkuu wa 11 wa Wanahisa	Semina kwa ajili ya Bodi	Safari za Kikazi	Malipo kwa Wakurugenzi wa Bodi kwa mwaka 2011 (TZS)
Mr. Misheck Ngatunga	8	-	-	8	2	1	1	TZS 3,400,000/-	23,900,000/= (Simu: 1,200,000/=)
Mr. Mike Laiser	7	4	6	-	-	1	1	TZS 350,000/-	19,300,000/=
Mr. Albert Jonkergouw	3	2	-	7	1	1	1	-	11,900,000/= (lipwa kwa EURO)
Mr. Bruce Dick	3	2	-	3	1	-	-	-	8,550,000/= (lipwa kwa EURO)
Mr. Protase Tehingisa	8	4	5	-	-	1	1	-	15,230,000/=
Mr. Jos Van Lange	5	-	4	-	-	-	-	-	15,400,000/= (lipwa kwa EURO)
Mr. Felix G. Moshia	7	4	-	10	2	1	1	TZS 1,400,000/-	21,400,000/=
Mrs. Margaret Ikongo	7	4	-	-	-	1	1	-	17,200,000/=
Mr. William Mlaki	7	-	3	10	-	1	1	-	20,350,000/=
Mr. Yona Killagane	2	-	1	-	-	-	-	-	3,300,000/=

### Tathmini ya Wakurugenzi

Bodi mara kwa mara inajitathmini kwa kufata mwongozo wa kujisimamia ili kuboresha uongozi ndani ya Bodi 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.

### Katibu wa Kampuni

Katibu wa Kampuni ni Bi 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 kuwafahamisha wajumbe wa Bodi katika kujua mabadiliko ya kisheria na kanuni za uongozi.

### Mawasiliano na wanahisa

Kampuni inatambua umuhimu wa mawasiliano na washikadau ili kudumisha uongozi bora. Kutokana na matangazo ya matokeo ya kifedha, kampuni na wawekezaji watawasilisha matokeo na kujibu maswali kama yatakavyoulizwa.

Wanahisa wanashauriwa kuhudhuria mkutano mkuu utakaofanyika tarehe 2 Juni 2012 ukumbi wa Mlimani City, Dar es Salaam.





**Karibu nawe** kusaidia biashara yako

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

**NMB**

**NATIONAL MICROFINANCE BANK PLC**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**



TABLE OF CONTENTS	PAGE NUMBER
Report of the Directors	38 - 45
Statement of Directors' responsibilities	46
Report of the independent auditor	47- 48
<i>Financial statements:</i>	
Profit and loss account	49
Balance sheet	50
Statement of changes in equity	51
Cash flow statement	52
Notes	53 - 100

# Report of the Directors

## For the Year Ended 31<sup>st</sup> December 2011

1 The Directors submit their report together with the audited financial statements for the year ended 31 December 2011, which disclose the state of affairs of National Microfinance Bank Plc ('the Bank').

### 2 INCORPORATION

The Bank is incorporated in Tanzania under the Companies Act 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 deposits on demand, provision of credit facilities and other commercial banking services and is licensed under the Banking and Financial Institutions Act, 2006.

### 6 COMPOSITION OF THE BOARD OF DIRECTORS

The Directors of the Bank at the date of this report and who have served since 01 January 2011, except where otherwise stated, are:-

#### Directors

No.	Name	Position	Age	Nationality	Qualification/ discipline	Date of appointment/ resignation
1	Mr Misheck Ngatunga	Chairman	72	Tanzanian	Economist/Banker	
2	Mr Mike Laizer	Member	60	Tanzanian	Economist	
3	Mr Protase Tehingisa	Member	65	Tanzanian	Lawyer	
4	Mr Albert Jonkergouw	Member	53	Dutch	Auditor	Appointed 28 May 2011
5	Mr Jos van Lange	Member	56	Dutch	Economist/Banker	
6	Mr Felix G. N. Moshia	Member	68	Tanzanian	Economist	
7	Mr Yona Killagane	Member	58	Tanzanian	Certified Public Accountant	Resigned 5 May 2011
8	Mrs Margaret T. M. Ikongo	Member	55	Tanzanian	Chartered Insurer	
9	Mr Bruce R. Dick	Member	63	Australian	Economist/Banker	Resigned 28 May 2011
10	Mr William Mlaki	Member	65	Tanzanian	Economist/Banker	

#### Alternate Directors

No.	Name	Position	Age	Nationality	Qualification/ discipline	Date of appointment/ resignation
1	Mr Amani Sinare	Member	45	Tanzanian	Certified Public Accountant	Resigned 5 May 2011

## 7 COMPANY SECRETARY

The Bank's secretary as at 31 December 2011 was Mrs. Lilian R. Komwihangiro.

## 8 CORPORATE GOVERNANCE

The Board of Directors consists of eight Directors. None of the Directors hold executive positions 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 Chief Executive Officer 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	Misheck Ngatunga	Chairman
2	Felix G N Mosha	Member
3	Albert Jonkergouw	Member

### Board Audit, Risk and Compliance Committee

No	Name	Position
1	Jos van Lange	Chairman
2	Mike Laiser	Member
3	Protase Tehingisa	Member
4	Yona Killagane	Member
5	William Mlaki	Member

### Board Human Resources and Remuneration Committee

No	Name	Position
1	Felix G N Mosha	Chairman
2	Mike Laiser	Member
3	Protase Tehingisa	Member
4	Albert Jonkergouw	Member
5	Margaret T.M. Ikongo	Member

### Board Credit Committee

No	Name	Position
1	William Mlaki	Chairman
2	Felix G N Mosha	Member
3	Albert Jonkergouw	Member

During the year, there were 8 Board meetings (4 of which were special meetings). There were also 10 Board Credit Committee meetings, 2 Board Executive Committee meetings, 4 Board Human Resources and Remuneration Committee meetings and 7 Board Audit, Risk and Compliance Committee meetings (3 of which were special meetings).

## 9 REMUNERATION POLICIES

The bank has in place processes and procedures in determining remuneration paid to its directors. Management normally prepares a proposal of fees and other emolument paid to directors after having conducted a market survey and consultation with the two largest shareholders (Government of Tanzania and Rabobank) 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 2 have been approved by the Board. The accounting policies for financial instruments form a significant part of the policies and are disclosed from (e) to (k) in Note 2. There have been no changes in accounting policies in the current year.

## 11 MANAGEMENT TEAM

The Management of the Bank is under the

Chief Executive Officer, assisted by the following:-

- Chief Operating Officer;
- Chief Financial Officer;
- Chief Human Resources Officer;
- Chief Risk Officer;
- Chief Information Officer; and
- Chief Commercial Officer.

## 12 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 (2010: 625,000,000 ordinary shares of TZS 40 each).

### Called up and fully paid

500,000,000 ordinary shares of TZS 40 each (2010: 500,000,000 ordinary shares of TZS 40 each).

Details of the capital management, regulatory capital and capital structure have been disclosed under Note 3.6.

## 13 SHAREHOLDERS OF THE BANK

The total number of shareholders during the year 2011 is estimated to be 19,950 (2010: 21,300) shareholders). None of the Directors are holding significant shares of the Bank. The following is a list of shareholders who individually owns 0.5% or more:

Name of the Shareholder	%	2011 number of shares	2010 number of shares
CooperativeCentraleRaiffeisen-Boerenleenbank-B.A "Rabobank Nederland" (Rabobank)	34.9	174,500,000	174,500,000
The Treasury Registrar	31.8	158,901,800	158,901,800
National Investment Company Limited (NICOL)	6.6	33,000,000	33,000,000
Exim Bank (Tanzania) Limited	4.6	22,975,904	22,975,904
SCB (T) Nominee Limited	2.0	9,801,749	-
Aunali F.Rajabali	1.7	8,378,418	6,998,920
Sajjad F.Rajabali	1.6	8,099,569	6,186,974
Standard Bank Plc	1.3	6,666,872	-
Parastatal Pension Fund (PPF)	0.8	4,138,786	4,138,786
National Social Security Fund (NSSF)	0.7	3,379,261	3,379,261
TCCIA Investment Company Limited	0.5	2,611,886	8,680,957

## 14 STOCK EXCHANGE INFORMATION

In 2008 the Bank was listed with Dar es Salaam Stock Exchange. The share price at the year end was TZS 850 (2010: TZS 660). Market capitalisation as at 31 December 2011 was TZS 425,000 million (31 December 2010: TZS 330,000 million).

## 15 FUTURE DEVELOPMENT PLANS

The Bank will continue to improve its profitability 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 continue to focus on improving productivity and introducing new products to the market.

## 16 PERFORMANCE FOR THE YEAR

During the year the Bank had a net profit of TZS 71,839 million (2010: TZS 53,981 million). In addition, the following achievements were recorded in the year:-

- The Bank recorded a profit before tax of TZS 102,786 million (2010: TZS 78,445 million); and
- Total assets increased to TZS 2,170,250 million (2010: TZS 2,110,908 million).

The audited financial statements for the year are set out on pages 49 to 100.

## 17 CASH FLOW PROJECTION

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. The future cash flow projections of the Bank will be significantly affected by the timing of capital expenditure commitment which for year 2012 is expected to be TZS 41.7 billion (2011: TZS 29.6 billion).

## 18 BORROWING

The bank engaged in borrowings from other banks as part of its day to day liquidity management and more so in foreign currency funding.

## 19 DIVIDEND

The Directors propose payment of a dividend of TZS 50 per share, amounting to TZS 25 billion. In 2010, a dividend of TZS 36.00 per share, amounting to TZS 18 billion was approved and paid.

## 20 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.

## 21 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 operational, fraud and financial risks facing the Bank:

### Fraud risk

There is a general increase in fraudulent transactions in the Banking industry in Tanzania. The Bank may incur significant losses resulting from fraudulent transactions. However, controls are in place designed at mitigating fraud risk.

### 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 3 to the financial statements.

## 22 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 behaviours 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 of 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 2011 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.



## 23 KEY PERFORMANCE INDICATORS

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	Industry average ratios	NMB ratios	
		2011	2011	2010
Return on equity	Net profit/Total equity	16%	25%	23%
Return on assets	Net profit/Total assets	2%	3%	3%
Cost to income ratio	Total costs/Net income	70%	60%	61%
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	9%	12%	9%
Non - interest income to Gross income	Non - interest income/Total income	41%	32%	36%
Earnings per share	Basic earnings/ Number of ordinary shares in issue	N/A	144%	108%
Gross loans to customers to customer deposits	Total loans to customers/Total deposits from customers	62%	62%	48%
Non - performing loans to gross loans	Non - performing loans/Gross loans and advances	6%	2%	4%
Earning assets to total assets	Earning assets/Total assets	76%	76%	77%
Growth on total assets	Trend (2011 total assets – 2010 total assets/2010 total assets)	11%	3%	26%
Growth on loans and advances to customers	Trend (2011 loans and advances – 2010)/2010 loans)	26%	31%	28%
Growth on customer deposits	Trend (2011 deposits - 2010 deposits/2010 deposits)	14%	-1%	25%
Capital adequacy				
Tier 1 Capital	Risk weighted assets including Off balance sheet items/CORE CAPITAL	17%	22%	23%
Tier 1+Tier 2 Capital	Risk Weighted assets including off-balance sheet items/TOTAL CAPITAL	17%	22%	23%

## 24 SERIOUS PREJUDICIAL MATTERS

In the opinion of the directors, there are no serious unfavourable matters that can affect the Bank.

## 25 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.

## 26 EMPLOYEES' WELFARE

### Management and employees' relationship

There was continued good relation between employees and management for the year 2011. 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.

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 1,724 million (2010: TZS 2,349) 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 (dependants) 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 qualifies to be a defined contribution plan.

The number of employees during the year was 2,650 (2010: 2,610).

## 27 GENDER PARITY

The Bank had 2,650 employees, out of which 1,535 were male and 1,115 were female (2010: female 1,106, male 1,504).

## 28 RELATED PARTY TRANSACTIONS

All related party transactions and balances are disclosed in note 33 to the financial statements.

## 29 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 570 million (2010: TZS 503 million).

## 30 RELATIONSHIP WITH STAKEHOLDERS

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

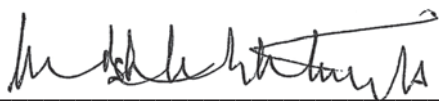
## 31 CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Bank encourages its employees' initiatives on participating in the CSR activities. Various activities were carried out during the year including supporting schools by providing school desks, helping people at orphanage centres and others.

## 32 AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office and are eligible for re-appointment. A resolution proposing an appointment of the Bank's auditors for the year ending 31 December 2012 will be put to the Annual General Meeting.

BY ORDER OF THE BOARD



MISHECK NGATUNGA - CHAIRMAN

30 March 2012

# Statement of Directors Responsibilities

## For the Year Ended 31<sup>st</sup> December 2011

---

The Directors are required by the Companies Act, CAP 212 Act No. 12 of 2002 to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the Bank as at the end of the financial year and of its profit or loss for the year. The Directors are also obliged to ensure that the Bank keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Bank. They are also responsible for safeguarding the assets of the Bank.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS) and the requirements of Companies Act, CAP 212 Act No. 12 of 2002. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Bank and of its profit in accordance with International Financial Reporting Standards (IFRS). The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

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



MISHECK NGATUNGA - CHAIRMAN

30 March 2012

# Report of the Independent Auditor To the Members of National Microfinance Bank PLC

---

## Report on the Financial Statements

We have audited the accompanying financial statements of National Microfinance Bank Plc (“the Bank”), which comprise the balance sheet at 31 December 2011, the profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### Directors’ responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Companies Act, CAP 212 Act No. 12 of 2002 and for such internal control, as the directors determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

### Auditor’s responsibility

Our responsibility is to express an opinion on the 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 our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the Bank’s financial affairs at 31 December 2011 and of its profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Companies Act, CAP 212 Act No. 12 of 2002.

## Report on Other Legal and Regulatory Requirements

This report, including the opinion, has been prepared for, and only for, the Bank's members as a body in accordance with the Companies Act, CAP 212 Act No. 12 of 2002 and for no other purposes.

As required by the Companies Act, CAP 212 Act No. 12 of 2002, we are also required to report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Bank has not kept proper accounting records, if the financial statements are not in agreement with the accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Bank is not disclosed. In respect of the foregoing requirements, we have no matter to report.

PricewaterhouseCoopers  
Certified Public Accountants  
Dar es Salaam



Signed by Michael M Sallu

30 March 2012



# Financial Statements

## For the Year Ended 31<sup>st</sup> December 2011

### PROFIT AND LOSS ACCOUNT

	Notes	2011 TZS'Millions	2010 TZS'Millions
Interest and similar income	5	193,005	141,442
Interest and similar expenses	6	(7,832)	(11,032)
<b>Net interest income</b>		<b>185,173</b>	<b>130,410</b>
Loan impairment charges	17	(11,752)	(1,674)
<b>Net interest income after loan impairment</b>		<b>173,421</b>	<b>128,736</b>
Fee and commission income	7	67,995	54,426
Fee and commission expense		(856)	(1,583)
<b>Net fee and commission income</b>		<b>67,139</b>	<b>52,843</b>
<b>Total operating income</b>		<b>240,560</b>	<b>181,579</b>
Foreign exchange income	8	7,437	12,489
Other income	9	6,845	4,257
Staff costs	10	(63,646)	(46,460)
Other operating expenses	11	(88,410)	(73,420)
<b>Profit before income tax</b>		<b>102,786</b>	<b>78,445</b>
Income tax expense	12	(30,947)	(24,464)
<b>Profit for the year</b>		<b>71,839</b>	<b>53,981</b>
<b>Earnings per share</b>			
Basic and diluted earnings per share (TZS)	13	143.68	107.96

### STATEMENT OF COMPREHENSIVE INCOME

	Notes	2011 TZS'Millions	2010 TZS'Millions
<b>Profit for the year</b>		<b>71,839</b>	<b>53,981</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>71,839</b>	<b>53,981</b>

## BALANCE SHEET

	Notes	2011 TZS'Millions	2010 TZS'Millions
<b>ASSETS</b>			
Cash and balances with Bank of Tanzania	15	430,243	399,227
Loans and advances to banks	16	172,737	152,306
Loans and advances to customers	17	1,123,518	857,785
Investment securities held-to-maturity	18	361,943	633,964
Equity investments	19	3,805	2,831
Other assets	20	8,688	9,106
Property and equipment	21	58,805	48,604
Intangible assets	22	846	977
Current income tax		3,546	1,657
Deferred income tax	23	6,119	4,446
<b>TOTAL ASSETS</b>		<b>2,170,250</b>	<b>2,110,903</b>
<b>LIABILITIES</b>			
Deposits from banks		31,970	29,442
Deposits from customers	24	1,804,699	1,812,647
Other liabilities	25	45,099	34,472
Provisions	26	4,123	3,822
<b>TOTAL LIABILITIES</b>		<b>1,885,891</b>	<b>1,880,383</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	27	20,000	20,000
Retained earnings		262,633	210,520
Regulatory reserve		1,726	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>284,359</b>	<b>230,520</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2,170,250</b>	<b>2,110,903</b>

The financial statements on pages 49 to 100 were authorised for issue by the Board of Directors and signed on its behalf by:



MISHECK NGATUNGA - CHAIRMAN

30 March 2012

## STATEMENT OF CHANGES IN EQUITY

	Share capital TZS'Millions	Retained earnings TZS'Millions	Regulatory reserve TZS'Millions	Total Equity TZS'Millions
<b>Year ended 31 December 2011</b>				
At start of year	20,000	210,520	-	230,520
<b>Comprehensive income</b>				
Profit for the year	-	71,839	-	71,839
Other comprehensive income	-	-	-	-
Total comprehensive income		71,839	-	71,839
Transfer to regulatory reserve	-	(1,726)	1,726	-
<b>Transactions with owners</b>				
Dividends paid	-	(18,000)	-	(18,000)
<b>At end of year</b>	<b>20,000</b>	<b>262,633</b>	<b>1,726</b>	<b>284,359</b>
<b>Year ended 31 December 2010</b>				
At start of year	20,000	170,034	2,205	192,239
<b>Comprehensive income</b>				
Profit for the year	-	53,981	-	53,981
Other comprehensive income	-	-	-	-
Total comprehensive income	-	53,981	-	53,981
Transfer from regulatory reserve	-	2,205	(2,205)	-
<b>Transactions with owners</b>				
Dividends paid	-	(15,700)	-	(15,700)
<b>At end of year</b>	<b>20,000</b>	<b>210,520</b>	<b>-</b>	<b>230,520</b>

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.

## CASH FLOW STATEMENT

	Notes	2011 TZS'Millions	2010 TZS'Millions
<b>Cash flows from operating activities</b>			
Interest receipts		194,190	139,036
Interest payments		(7,949)	(10,845)
Net fee and commission receipts		67,139	52,843
Other income received (foreign exchange and other income)		14,443	15,872
Payments to employees and suppliers		(153,347)	(109,827)
Income tax paid		(34,508)	(27,930)
Cash flows from operating activities before changes in operating assets and liabilities		79,968	59,149
Changes in operating assets and liabilities:			
Loans and advances		(264,457)	(183,786)
Investment securities held-to-maturity		138,392	(49,057)
Statutory Minimum Reserves (SMR)		(19,955)	(22,091)
Other assets		(418)	3,073
Deposits from customers		(7,948)	353,249
Other liabilities		10,627	16,776
Deposits from banks		2,528	29,442
Net cash (used in)/generated from operating activities		(61,263)	206,755
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	21	(21,249)	(24,664)
Purchase of intangible assets	22	(522)	(812)
Proceeds from sale of property and equipment	32	23	
Acquisition of shares in other companies	19	(974)	(2,831)
Net cash used in investing activities		(22,713)	(28,284)
<b>Cash flows from financing activities</b>			
Dividends paid	14	(18,000)	(15,700)
Net cash used in financing activities		(18,000)	(15,700)
<b>Net (decrease)/ increase in cash and cash equivalents</b>			
Cash and cash equivalents at start of year		587,578	424,130
Effects of exchange rate changes on cash and cash equivalents		(161)	677
<b>Cash and cash equivalents at end of year</b>	28	<b>485,441</b>	<b>587,578</b>

## NOTES

### 1 GENERAL INFORMATION

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 follows:

NMB House  
Azikiwe /Jamhuri Street  
PO Box 9213  
Dar es Salaam

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

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### (a) Basis of preparation

The Bank's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). Additional information required by the Tanzania Companies Act 2002 is included where appropriate.

The financial statements comprise the profit and loss account, statement of comprehensive income, the balance sheet, statement of changes in equity, cash flow statement and the notes. The measurement basis applied in the preparation of these financial statements is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in Tanzania shillings (TZS) and the amounts are rounded to the nearest million, except where otherwise indicated.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Bank's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The directors believe that the underlying assumptions are appropriate and that the Bank's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

#### (i) Amended standards which became effective during the year

During the year, the amendments to the following standards became effective

Standard/ interpretation	Content	Applicable for financial years beginning on/after
IAS 1	Presentation of financial statements	1 January 2011
IAS 24	Related party disclosures	1 January 2011
IFRS 7	Financial instruments disclosure	1 January 2011

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(a) Basis of preparation (continued)****(i) Amended standards which became effective during the year (continued)**

The amendment to IAS 1 and IAS 24 had no significant impact to the Bank's financial statements.

The amendments to IFRS 7, 'Financial Instruments - Disclosures' are part of the 2010 Annual Improvements and emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. The amendments have also removed the requirement to disclose the following:

- Maximum exposure to credit risk if the carrying amount best represents the maximum exposure to credit risk;
- Fair value of collaterals; and
- Renegotiated loans that would otherwise be past due but not impaired.

The application of the above amendment simplified financial risk disclosures made by the Bank.

**(ii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the bank**

During the year, new standards, amendments and interpretations to several existing accounting standards were issued but are not yet effective. The directors have assessed the relevance of the amendments and interpretations with respect to the Bank's operations and concluded that they do not have a material impact on the Bank's financial statements.

**(b) 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 and loss account using the effective interest method.

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

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

**(c) Fee and commission income**

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



## NOTES (CONTINUED)

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

#### (c) Fee and commission income (continued)

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.

#### (d) Foreign currency translation

Transactions are recorded on initial recognition in Tanzania Shillings, being the currency of the primary economic environment in which the Bank operates (the functional currency). Transactions in foreign currencies during the year are converted into the Tanzania Shillings using the exchange rates prevailing at the dates of the transaction. 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 and loss account.

#### (e) Financial assets

The 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 Bank intends to sell immediately or in the short term, which are classified as held for trading, and those that the Bank upon initial recognition designates as at fair value through profit or loss;
- (b) those that the Bank 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 balance sheet as loans and advances to other banks or customers or as investment securities. Interest on loans is included in the profit and loss account 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 and loss account 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 Bank's 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.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(e) Financial assets (continued)****(ii) Held-to-maturity investments (continue)**

Interest on held-to-maturity investments is included in the profit and loss account and reported as 'Interest and similar income'. In the case of an impairment, the impairment loss is reported as a deduction from the carrying value of the investment and recognised in the income statement as 'net gains/(losses) on investment securities'. Held-to-maturity investments include corporate bonds.

**(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.

**(f) Recognition of financial assets**

The Bank 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 balance sheet as 'Assets pledged as collateral', if the transferee has the right to sell or repledge them.

**(g) 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.

**(h) Determination of fair value**

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indicators that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, LIBOR yield curve, FX rates, volatilities and counterparty spreads) existing at the balance sheet date.

## NOTES (CONTINUED)

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

#### (h) Determination of fair value (continued)

In cases when the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less impairment. The fair value for loans and advances as well as liabilities to banks and customers are determined using a present value model on the basis of contractually agreed cash flows, taking into account credit quality, liquidity and costs.

The fair values of contingent liabilities and irrevocable loan commitments correspond to their carrying amounts.

#### (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) Reclassification of financial assets

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:

<i>Item on balance sheet</i>	<i>Class</i>
<b>Financial assets</b>	
Cash and cash equivalent	Loans and receivables
Loans and advances to banks	Loans and receivables
Loans and advances to customer	Loans and receivables
Investment securities	Held to maturity
Other assets	Loans and receivables
<b>Financial liabilities</b>	
Deposits from banks	Financial liabilities at amortised cost
Deposits from customers	Financial liabilities at amortised cost
Other liabilities	Financial liabilities at amortised cost

#### (k) Impairment of financial assets

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

The Bank assesses at each balance sheet date 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:

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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 and loss account in impairment charge for credit losses.

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

The Bank assesses at each balance sheet date 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 and loss account. Impairment

## NOTES (CONTINUED)

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

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

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

losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account. 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 and loss account.

##### (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) 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 2011.

#### (m) Income tax

Income tax expense is the aggregate of the charge to the profit and loss account in respect of current income tax and deferred income tax. Current income tax is the amount of income tax payable on the taxable profit for the period determined in accordance with the Tanzanian Income Tax Act.

Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit/loss, it is not accounted for. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet 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 only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

## NOTES (CONTINUED)

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

#### (n) Provisions

Provisions are recognised when the Bank 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.

#### (o) Property and equipment

Premises and equipment are stated at historical cost less depreciation. Depreciation is provided on the straight line basis so as to write down the cost of assets to their residual values over their useful economic lives, at the following rates:-

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

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date. 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 and loss account.

#### (p) Intangible assets

Acquired computer software licences 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).

#### (q) 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.

#### (r) Employee benefits

##### (i) Retirement benefit obligations

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

##### (ii) Other entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date is recognised as an expense accrual.



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(s) 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.

**(t) Leases**

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

The leases entered into by the Bank are operating leases. The total payments made under operating leases are charged to other operating expenses in the profit and loss account on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

**(u) Associates**

Associates are all entities over which the Bank has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost

In the separate financial statements, investments in associates are carried at fair value and classified as available-for-sale

The Bank's share of its associates' postacquisition profits or losses is recognised in the profit and loss account, and its share of postacquisition movements in reserves is recognised in reserves. When the Bank's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Bank does not recognise further losses unless it has incurred obligations or made payments on behalf of the associate.

**(v) Subsidiaries**

Subsidiaries are all entities (including special purpose entities) over which the Bank has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Bank controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Bank. They are deconsolidated from the date that control ceases.

The Bank uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Bank. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Bank recognises any non-controlling interest in the

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Subsidiaries (continued)

acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Bank's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between Bank companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Bank.

In the separate financial statements, investments in subsidiaries are carried at fair value and classified as available-for-sale.

(w) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet 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.

(x) Contingencies and commitments

Transactions are classified as contingencies where the bank's obligations depend on uncertain future events. Items are classified as commitments where the bank commits itself to future transactions if the items will result in the acquisition of assets.

*Financial guarantees*

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

*Acceptances and letters of credit*

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

(y) Comparatives

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

(z) Segment reporting

In accordance with IFRS 8, the Bank has the following business segments: Treasury, Retail and Corporate banking.

### NOTES (CONTINUED)

### 3 FINANCIAL RISK MANAGEMENT

#### (z) Segment reporting (continued)

Following the management approach to IFRS 8, operating segment 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 2011 is as follows (all amounts in TZS million):

	Treasury		Wholesale Banking		Retail Banking		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Interest income	<b>38,174</b>	36,751	<b>36,291</b>	28,557	<b>118,540</b>	76,134	<b>193,005</b>	141,442
Interest expense	<b>(26,725)</b>	(25,912)	<b>(14,275)</b>	(15,310)	<b>33,168</b>	30,190	<b>(7,832)</b>	(11,032)
Net Interest Income	<b>11,449</b>	10,839	<b>22,016</b>	13,247	<b>151,708</b>	106,323	<b>185,173</b>	130,410
Credit impairment charges	-	-	<b>(3,388)</b>	687	<b>(8,364)</b>	(2,361)	<b>(11,752)</b>	(1,674)
Non-interest income	<b>6,891</b>	12,718	<b>11,147</b>	7,220	<b>63,383</b>	49,651	<b>81,421</b>	69,589
Depreciation and amortization	<b>(824)</b>	(881)	<b>(1,432)</b>	(995)	<b>(9,189)</b>	(6,486)	<b>(11,445)</b>	(8,361)
Staff costs	<b>(4,585)</b>	(4,893)	<b>(7,963)</b>	(5,528)	<b>(51,098)</b>	(51,098)	<b>(63,646)</b>	(46,460)
Other expenses	<b>(5,544)</b>	(6,852)	<b>(9,630)</b>	(7,740)	<b>(61,791)</b>	(35,407)	<b>(76,965)</b>	(65,059)
<b>Operating profit</b>	<b>7,387</b>	10,931	<b>10,750</b>	6,891	<b>84,649</b>	60,623	<b>102,786</b>	78,445
Income tax provision	<b>(2,640)</b>	(3,409)	<b>(1,925)</b>	(2,149)	<b>(26,382)</b>	(18,906)	<b>(30,947)</b>	(24,464)
<b>Profit after tax</b>	<b>4,747</b>	7,522	<b>8,825</b>	4,742	<b>58,267</b>	41,717	<b>71,839</b>	53,981
Total assets	<b>964,923</b>	1,185,497	<b>375,965</b>	240,629	<b>829,362</b>	680,955	<b>2,170,250</b>	2,107,081
Total liabilities	<b>31,970</b>	29,442	<b>864,146</b>	925,695	<b>985,652</b>	921,424	<b>1,881,768</b>	1,876,561

## NOTES (CONTINUED)

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

#### 3.1 Credit risk

The Bank takes on exposure to credit risk, which is the risk that a 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.

##### 3.1.1 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').

These credit risk measurements, which reflect expected loss (the 'expected loss model'), are embedded in the Bank's daily operational management. The operational measurements can be contrasted with impairment allowances required under IAS 39, which are based on losses that have been incurred at the balance sheet date (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	Description of the grade
1	Current
2	Especially mentioned
3	Sub-standard
4	Doubtful
5	Loss

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1.2 Risk limit control and mitigation policies

##### (a) Lending limits

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

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

##### (b) Collateral

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

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

Longer-term finance and lending to corporate entities are generally secured while revolving individual credit facilities are generally unsecured. In addition, in order to minimise the credit loss the Bank will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument.

Debt securities, treasury and other eligible bills are generally unsecured.

##### 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 and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, 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 commitments to extend credit are contingent upon

## NOTES (CONTINUED)

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1.2 Risk limit control and mitigation policies (continued)

##### (b) Collateral (continued)

##### Credit-related commitments (continued)

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.

#### 3.1.3 Impairment and provisioning policies

Impairment provisions are recognised for financial reporting purposes only for losses that have been incurred at the balance sheet date based on objective evidence of impairment.

The impairment provision shown in the balance sheet 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 2011		31 December 2010	
	Loans and advances to customers	Impairment provision	Loans and advances to customers	Impairment provision
Micro and Small Enterprises (MSEs)	107,826	1,940	113,426	5,420
Consumer	619,265	7,720	454,916	7,581
Corporate customers	239,276	2,733	243,161	2,532
Small and Medium size Enterprises (SMEs)	172,840	3,296	63,247	1,432
	<b>1,139,207</b>	<b>15,689</b>	<b>874,750</b>	<b>16,965</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 2 [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.



## NOTES (CONTINUED)

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1.3 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 2011		31 December 2010	
	Loans and advances (%)	Impairment provision (%)	Loans and advances (%)	Impairment provision (%)
1. Current	91.3	0.8	90.4	0.9
2. Especially mentioned	5.5	0.6	7.3	0.9
3. Sub-standard	1.7	0.6	0.7	0.9
4. Doubtful	0.8	61	0.6	55
5. Loss	0.7	61	1.0	55
	100	1.4	100	1.9

#### 3.1.4 Maximum exposure to credit risk before collateral held or other credit enhancement

75% of the total maximum exposure is derived from loans and advances to banks and customers (2010: 76%); 6% represents investments in debt securities (2010: 4%).

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:

- 96.8% of the loans and advances portfolio is categorised in the top two grades of the internal rating system (2010: 97.7%);
- 78% of the loans and advances portfolio are considered to be neither past due nor impaired (2010: 76%);
- The Bank has introduced a more stringent selection process upon granting loans and advances; and
- All investment securities are Government Treasury bills and Treasury bonds

## NOTES (CONTINUED)

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1.5 Loans and advances

Loans and advances are summarised as follows: Amounts are in TZS Millions.

	31 December 2011		31 December 2010	
	Loans and advances to customers	Loans and advances to banks	Loans and advances to customers	Loans and advances to banks
Neither past due nor impaired	896,824	170,664	792,182	152,306
Past due but not impaired	227,978	-	66,659	-
Impaired	14,405	-	15,909	-
<b>Gross</b>	<b>1,139,207</b>	<b>170,664</b>	<b>874,750</b>	<b>152,306</b>
Less: allowance for impairment	(15,689)	-	(16,965)	-
<b>Net</b>	<b>1,123,518</b>	<b>170,664</b>	<b>857,785</b>	<b>152,306</b>
Portfolio allowance	(6,231)	-	(4,876)	-
Individually impaired	(9,458)	-	(12,089)	-
	<b>(15,689)</b>	<b>-</b>	<b>(16,965)</b>	<b>-</b>

The total impairment provision for loans and advances is TZS 15,689 million (2010: TZS 16,965 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 17.

During the year ended 31 December 2011, the Bank's total loans and advances increased by 30.2% 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 guaranteed Salary 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:

	2011 TZS Millions	2010 TZS Millions
MSE's	100,871	106,178
Consumer loans	406,877	405,983
Corporate customers	232,316	215,872
SMEs	156,760	64,149
	<b>896,824</b>	<b>792,182</b>
Loans and advances to banks	<b>170,664</b>	<b>152,306</b>

## NOTES (CONTINUED)

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1.5 Loans and advances (continued)

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

90% 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.

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

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

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

31 December 2011	Individual (retail) customers		Corporate customers		Total
	MSEs	Consumer	Corporate customers	SMEs	
Past due up to 30 days	2,839	129,388	6,219	4,110	142,556
Past due 30 - 60 days	1,624	59,164	-	1,823	62,611
Past due 60 - 90 days	663	9,738	-	910	11,311
Past due 90 – 180 days	781	6,779	-	825	8,385
Past due 180 days – 270 days	16	-	742	1,970	2,728
Past due 270 days and above	-	-	-	387	387
<b>Total</b>	<b>5,923</b>	<b>205,069</b>	<b>6,961</b>	<b>10,025</b>	<b>227,978</b>

31 December 2010	Individual (retail) customers		Corporate customers		Total
	MSEs	Consumer	Corporate customers	SMEs	
Past due up to 30 days	2,697	21,206	25,882	1,211	50,996
Past due 30 - 60 days	381	3,386	-	400	4,167
Past due 60 - 90 days	250	2,054	-	230	2,534
Past due 90 – 180 days	463	4,499	-	1,551	6,513
Past due 180 days – 270 days	6	-	-	-	6
Past due 270 days and above	2,443	-	-	-	2,443
<b>Total</b>	<b>6,240</b>	<b>31,145</b>	<b>25,882</b>	<b>3,392</b>	<b>66,659</b>

## NOTES (CONTINUED)

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1.5 Loans and advances (continued)

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

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

##### (c) Loans and advances individually impaired

The amount of individually impaired loans and advances as at 31 December 2011 was TZS 14,405 million (2010: 15,909 million).

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

	2011 TZS Millions	2010 TZS Millions
MSEs	1,344	4,280
Consumer loans	3,937	3,192
Corporate customers	3,133	5,265
SMEs	5,991	3,172
	<u>14,405</u>	<u>15,909</u>

##### (d) Amounts due from banks

The total gross amount of individually impaired amounts due from banks as at 31 December 2011 was Nil (2010: Nil). No collateral is held by the Bank, and no impairment provision has been provided against the gross amount.

#### 3.1.6 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 balance sheet date, these investments were not impaired. There are no credit ratings for these investments.

#### 3.1.7 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.

#### 3.1.8 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 2011. For this table, the Bank has allocated exposures to regions based on the country of domicile of its counterparties (Amounts are in TZS' Millions)

## NOTES (CONTINUED)

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

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

##### (a) Geographical sectors (continued)

	Tanzania	Europe	America	Others	Total
<b>31 December 2011</b>					
Balances with the Bank of Tanzania	243,606	-	-	-	243,606
Loans and advances to banks	115,821	18,637	38,268	11	172,737
Investment securities held to maturity	361,943	-	-	-	361,943
Loans and advances to customers:					
Loans to individuals:					
- MSEs	105,886	-	-	-	105,886
- Consumer loans	611,545	-	-	-	611,545
Loans to corporate entities:					
- Corporate customers	236,543	-	-	-	236,543
- SMEs	169,544	-	-	-	169,544
Other assets	3,490	-	-	-	3,490
<b>As at 31 December 2011</b>	<b>1,848,378</b>	<b>18,637</b>	<b>38,268</b>	<b>11</b>	<b>1,905,294</b>
Credit risk exposures relating to off-balance sheet assets are as follows:					
Guarantees and Indemnities	230	-	-	-	230
Overdraft	47,829	-	-	-	47,829
Acceptances and letters of credit	11,338	-	-	-	11,338
<b>As at 31 December 2011</b>	<b>59,397</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>59,397</b>

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

**NOTES (CONTINUED)**  
**3 FINANCIAL RISK MANAGEMENT (CONTINUED)**

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

**(a) Geographical sectors (continued)**

<b>31 December 2010</b>	<b>Tanzania</b>	<b>Europe</b>	<b>America</b>	<b>Others</b>	<b>Total</b>
Credit risk exposures relating to on-balance sheet assets are as follows:					
Balances with the Bank of Tanzania	235,074	-	-	-	235,074
Loans and advances to banks	126,251	15,852	10,197	6	152,306
Investment securities held to maturity	633,964	-	-	-	633,964
Loans and advances to customers:					
Loans to individuals:					
- MSEs	108,006	-	-	-	108,006
- Consumer loans	447,335	-	-	-	447,335
Loans to corporate entities:					
- Corporate customers	240,629	-	-	-	240,629
- SMEs	61,815	-	-	-	61,815
Other assets	402	-	-	-	402
<b>As at 31 December 2010</b>	<b>1,853,476</b>	<b>15,852</b>	<b>10,197</b>	<b>6</b>	<b>1,879,531</b>

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

Guarantees and Indemnities	154	-	-	-	154
Overdraft	72,168	-	-	-	72,168
Acceptances and letters of credit	553	-	-	-	553
<b>As at 31 December 2010</b>	<b>72,875</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>72,875</b>



## NOTES (CONTINUED)

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

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

##### (b) Industry sectors

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

	Financial institutions	Manufacturing	Trading and commercial	Transport and communication	Wholesale and retail	Agriculture	Individuals	Others	Total
Balances with the Bank of Tanzania	243,606								243,606
Loan and advances to banks	172,737	-	-	-	-	-	-	-	172,737
Investment securities held to maturity	361,943	-	-	-	-	-	-	-	361,943
Loans and advances to customers:									
Loans to individuals:									
- MSEs	-	-	18,073	1,322	66,401	6,020	1,458	12,612	105,886
- Consumer loans	-	-	-	-	-	-	598,511	13,034	611,545
Loans to corporate entities:									
- Corporate customers	2,222	103,735	62,536	26,208	-	2,561	-	39,281	236,543
- SMEs	8,418	2,449	10,164	3,394	53,504	32,061	52,795	6,759	169,544
Other assets	-	-	-	-	-	-	-	3,490	3,490
<b>As at 31 December 2011</b>	<b>788,926</b>	<b>106,184</b>	<b>90,773</b>	<b>30,924</b>	<b>119,905</b>	<b>40,642</b>	<b>652,764</b>	<b>75,176</b>	<b>1,905,294</b>
Credit risk exposures relating to off-balance sheet assets are as follows:									
Guarantees and Indemnities		9,921	28,093	-	9,590	-	-	230	230
Overdraft	-							182	47,829
Acceptances and letters of credit								11,338	11,338
<b>As at 31 December 2011</b>	<b>-</b>	<b>9,921</b>	<b>28,093</b>	<b>-</b>	<b>9,590</b>	<b>-</b>	<b>11,750</b>	<b>11,750</b>	<b>59,397</b>

## NOTES (CONTINUED)

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

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

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

	Financial institutions	Manufacturing	Trading and commercial	Transport and communication	Wholesale trade	Agriculture	Individuals	Others	Total
Balances with the Bank of Tanzania	235,074								235,074
Loans and advances to other banks	152,306	-	-	-	-	-	-	-	152,306
Investment securities held to maturity	633,964	-	-	-	-	-	-	-	633,964
Loans and advances to customers:									
Loans to individuals:									
- MSEs	-	2,227	4,506	1,151	46,972	44,019	967	8,164	108,006
- Consumer loans	-	79	42	4	377	19	446,570	244	447,335
Loans to corporate entities:									
- Corporate customers	-	180,506	385	48,511	-	1,002	-	10,225	240,629
- SMEs	-	1,413	5,358	1,240	44,291	1,125	742	7,646	61,815
Other assets	-	-	-	-	-	-	-	402	402
<b>As at 31 December 2010</b>	<b>1,021,344</b>	<b>184,225</b>	<b>10,291</b>	<b>50,906</b>	<b>91,640</b>	<b>46,165</b>	<b>448,279</b>	<b>26,681</b>	<b>1,879,531</b>
Credit risk exposures relating to off-balance sheet assets are as follows:									
Guarantees and Indemnities	-	-	154	-	-	-	-	-	154
Overdraft	826	-	46,004	48	903	21,701	1,737	949	72,168
Acceptances and letters of credit	-	-	-	-	-	-	-	553	553
<b>As at 31 December 2010</b>	<b>826</b>	<b>-</b>	<b>46,158</b>	<b>48</b>	<b>903</b>	<b>21,701</b>	<b>1,737</b>	<b>1,502</b>	<b>72,875</b>

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.2 Market risk

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

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

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

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

##### 3.2.1 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.

##### Foreign exchange sensitivity analysis

The Bank maintains minimal currency positions throughout the year and these are driven primarily by customer flows. The Bank's balance sheet is denominated mostly in TZS with less than 5% of the balance being denominated in foreign currencies. Accordingly, no stress testing is done for any currency mismatches with the understanding that any mismatch can be squared out in the market.

The table below summarises the Bank's exposure to foreign currency exchange rate risk at 31 December 2011. Included in the table are the Bank's financial instruments at carrying amounts, categorised by currency (all amounts expressed in millions of Tanzania Shillings).

**NOTES (CONTINUED)**  
**3 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**3.2 Market risk (continued)**

**3.2.1 Foreign exchange risk (continued)**

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

<b>As at 31 December 2011</b>		<b>TZS</b>	<b>USD</b>	<b>EURO</b>	<b>GBP</b>	<b>Others</b>	<b>Total</b>
Assets							
Cash and balances with Bank of Tanzania	407,995	19,945	2,167	136	-		430,243
Loans and advances to banks	112,843	55,793	1,236	2,854	11		172,737
Investment securities held to maturity	361,943	-	-	-	-		361,943
Loans and advances to customers	1,121,894	1,624	-	-	-		1,123,518
Equity investments	3,805	-	-	-	-		3,805
Other assets	3,490	-	-	-	-		3,490
<b>Total financial assets</b>	<b>2,011,970</b>	<b>77,362</b>	<b>3,403</b>	<b>2,990</b>			<b>2,095,736</b>
Liabilities							
Deposits from customers	1,763,573	39,899	958	269	-		1,804,699
Deposits from banks	-	28,699	2,048	1,223	-		31,970
Other liabilities	45,099	-	-	-	-		45,099
<b>Total financial liabilities</b>	<b>1,808,672</b>	<b>68,598</b>	<b>3,006</b>	<b>1,492</b>	<b>-</b>		<b>1,881,768</b>
Net on-balance sheet financial position		203,298	8,764	397	1,498	11	213,968
Off balance sheet position:							
Credit commitments	47,829	-	-	-	-	-	47,829

**NOTES (CONTINUED)**  
**3 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**3.2 Market risk (continued)**

**3.2.1 Foreign exchange risk (continued)**

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

<b>As at 31 December 2010</b>						
<b>Assets</b>						
Cash and balances with Bank of Tanzania	376,516	21,701	880	130	399,227	
Loans and advances to banks	128,518	20,850	2,171	767	152,306	
Investment securities held to maturity	633,964	-	-	-	633,964	
Loans and advances to customers	828,994	28,791	-	-	857,785	
Equity investments	2,831	-	-	-	2,831	
Other assets	402	-	-	-	402	
<b>Total financial assets</b>	<b>1,971,225</b>	<b>71,342</b>	<b>3,051</b>	<b>897</b>	<b>2,046,515</b>	
<b>Liabilities</b>						
Deposits from customers	1,772,536	39,799	308	4	1,812,647	
Deposits from banks	29,442	-	-	-	29,442	
Other liabilities	34,472	-	-	-	34,472	
<b>Total financial liabilities</b>	<b>1,836,450</b>	<b>39,799</b>	<b>308</b>	<b>4</b>	<b>1,876,561</b>	
Net on-balance sheet financial position	134,775	31,543	2,743	893	169,954	
Off balance sheet position:						
Credit commitments	71,227	941	-	-	72,168	

## NOTES (CONTINUED)

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 3.3 Market risk (continued)

### 3.2.2 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.

	Up to 1 month TZS 'Millions'	1-3 months TZS 'Millions'	3-12 months TZS 'Millions'	1-5 years TZS 'Millions'	Over 5 TZS 'Millions'	Non-interest bearing TZS 'Millions'	Total TZS Millions'
<b>As at 31 December 2011</b>							
<b>Assets</b>							
Cash and balances with Bank of Tanzania	-	-	-	-	-	430,243	430,243
Investment securities held to maturity	27,866	61,592	204,793	41,346	26,346	-	361,943
Loan and advances to banks	47,607	29,583	-	-	-	95,547	172,737
Loans and advances to customers	64,571	85,180	238,942	700,066	34,759	-	1,123,518
Other assets	-	-	-	-	-	3,490	3,490
<b>Total financial assets</b>	<b>140,044</b>	<b>176,355</b>	<b>443,735</b>	<b>741,412</b>	<b>61,105</b>	<b>529,280</b>	<b>2,091,931</b>
<b>Liabilities</b>							
Deposits from customers	110,607	11,405	5,108	8,741	-	1,668,838	1,804,699
Deposit from banks	19,108	-	12,862	-	-	-	31,970
Other liabilities	-	-	-	-	-	45,099	45,099
<b>Total financial liabilities</b>	<b>129,715</b>	<b>11,405</b>	<b>17,970</b>	<b>8,741</b>	<b>-</b>	<b>1,713,937</b>	<b>1,881,768</b>
<b>Total interest repricing gap</b>	<b>10,329</b>	<b>164,950</b>	<b>425,765</b>	<b>732,671</b>	<b>61,105</b>	<b>-</b>	<b>-</b>



NOTES (CONTINUED)  
3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Market risk (continued)

3.2.2 Interest rate risk

As at 31 December 2010						
Assets						
Cash and balances with Bank of Tanzania	-	-	-	-	-	399,227
Investment securities held to maturity	59,461	163,625	360,179	11,399	57,114	651,778
Loans and advances to banks	90,150	-	15,000	-	-	152,306
Loans and advances to customers	11,941	9,999	229,289	602,255	4,302	857,786
Other assets	-	-	-	-	-	402
<b>Total financial assets</b>	<b>161,552</b>	<b>173,624</b>	<b>604,468</b>	<b>613,654</b>	<b>61,416</b>	<b>2,061,499</b>
Liabilities						
Deposits from customers	114,681	114,047	252,968	34,997	-	1,812,647
Other borrowed funds	14,682	-	14,760	-	-	29,442
Other liabilities	-	-	-	-	-	34,472
<b>Total financial liabilities</b>	<b>129,363</b>	<b>114,047</b>	<b>267,728</b>	<b>34,997</b>	<b>-</b>	<b>1,876,561</b>
<b>Total interest repricing gap</b>	<b>32,189</b>	<b>59,577</b>	<b>336,740</b>	<b>578,657</b>	<b>61,416</b>	<b>-</b>

## NOTES (CONTINUED)

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.2 Market risk (continued)

##### 3.2.2 Interest rate risk (continued)

##### Interest rate risk sensitivity

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

2011 Sensitivity period	Weighted average	Non Interest Bearing Funding	Net position	Impact
Less than 30 days	5,039	120,927	(115,888)	1,159
1 year	276,130	637,811	(361,680)	3,617
2010				
Less than 30 days	3,937	94,495	(82,158)	(822)
1 year	249,566	495,420	(245,853)	(2,459)

#### 3.3 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.

##### 3.3.1 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 balance sheet 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 3.3.3).

## NOTES (CONTINUED)

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.2 Market risk (continued)

##### 3.3.2 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.

##### 3.3.3 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 balance sheet date. The amounts disclosed in the table below are the contractual undiscounted cash flows. (Amounts are in TZS millions):

As at 31 December 2011	Up to 1 months	1-3 months	3-12 months	Over 1 year
<b>Liabilities</b>				
Deposits from customers	1,779,866	11,448	5,363	9,615
Deposits from banks	19,108	-	12,862	-
Other liabilities	65,522	-	-	-
<b>Total liabilities</b>	<b>1,864,496</b>	<b>11,448</b>	<b>18,225</b>	<b>9,615</b>
<b>Total assets</b>	<b>678,097</b>	<b>176,355</b>	<b>443,908</b>	<b>782,926</b>
<b>As at 31 December 2010</b>				
<b>Liabilities</b>				
Deposits from customers	1,410,634	114,047	252,968	34,997
Deposits from banks	14,682	-	14,760	-
Other liabilities	34,472	-	-	-
<b>Total liabilities</b>	<b>1,459,788</b>	<b>114,047</b>	<b>267,728</b>	<b>34,997</b>
<b>Total assets</b>	<b>638,067</b>	<b>173,624</b>	<b>604,468</b>	<b>632,407</b>

##### 3.3.4 Assets held for managing liquidity risk

The Bank holds a diversified portfolio of cash and high-quality highly-liquid securities to support payment obligations and contingent funding in a stressed market environment. The Bank's assets held for managing liquidity risk comprise:

- Cash and balances with the Bank of Tanzania;
- Treasury and other eligible bills;
- Placements with other banks; and
- Loans and advances to customers.

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.

## NOTES (CONTINUED)

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.2 Market risk (continued)

#### 3.4 Off-balance sheet items

##### (a) Loan commitments

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 29), are summarised in the table below.

##### (b) Financial guarantees and other financial facilities

Financial guarantees (Note 30) are also included below based on the earliest contractual maturity date.

	No later than 1 year TZS'Millions	1 – 5 years TZS'Millions	Over 5 years TZS'Millions	Total TZS'Millions
<b>As at 31 December 2011</b>				
Outstanding letters of credit, guarantees and indemnities	11,568	-	-	11,568
Commitments to extend credit	47,829	-	-	47,829
<b>Total</b>	<b>59,397</b>	<b>-</b>	<b>-</b>	<b>59,397</b>
<b>As at 31 December 2010</b>				
Outstanding letters of credit, guarantees and indemnities	707	-	-	707
Commitments to extend credit	72,168	-	-	72,168
<b>Total</b>	<b>72,875</b>	<b>-</b>	<b>-</b>	<b>72,875</b>

#### 3.5 Fair value of financial assets and liabilities

Financial instruments not measured at fair value

The following table summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the Bank's balance sheet at their fair values (amounts in TZS Millions):

	Carrying values		Fair value	
	2011	2010	2011	2010
<b>Financial assets</b>				
Cash and balances with Bank of Tanzania	430,243	399,227	430,243	399,227
Investment securities held-to-maturity	361,943	633,964	362,091	606,276
Loan and advances to banks	172,737	152,306	172,737	152,306
Loans and advances to customers	1,123,518	857,785	1,123,518	857,785
<b>Financial liabilities</b>				
Deposits from customers	1,804,699	1,812,647	1,804,699	1,812,647
Deposits from banks	31,970	29,442	31,970	29,442

## 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

## 3.2 Market risk (continued)

## 3.6 Capital management

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of balance sheets, 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 BoT requires each bank or banking group to: (a) hold the minimum level of the regulatory capital of TZS 5 billion, and (b) maintain a ratio of total regulatory capital to the risk-weighted asset (the 'Basel ratio') at or above the internationally agreed minimum of 12%.

The Bank's regulatory capital as managed by its Treasury 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 unrealised gains arising on the fair valuation of equity instruments held as available for sale.

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 2011 and year ended 31 December 2010. During those two periods, the Bank complied with all of the externally imposed capital requirements to which they are subject.

## NOTES (CONTINUED)

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.2 Market risk (continued)

#### 3.6 Capital management (continued)

Tier 1 capital	2011 TZS'M	2010 TZS'M
Share capital	20,000	20,000
Retained earnings	262,633	210,520
Prepaid expenses and deferred charges	(5,198)	(4,882)
Total qualifying Tier 1 capital	277,435	225,638
Tier 2 capital		
Regulatory reserve	1,726	-
Total qualifying Tier 2 capital	1,726	-
Total regulatory capital	279,161	225,638
Risk-weighted assets		
On-balance sheet	1,213,885	887,543
Off-balance sheet	59,397	72,875
<b>Total risk-weighted assets</b>	<b>1,273,282</b>	<b>960,418</b>
	<b>Bank's ratio 2011</b>	<b>Required ratio 2011</b>
		%
Tier 1 capital	22%	10%
Tier 1 + Tier 2 capital	22%	12%

The increase of the regulatory capital in the 2011 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 2011.



**4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

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 Bank's accounting policies.

The Bank 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 Bank reviews its loan portfolios to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the income statement, the Bank 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 bank.

**(b) Held to maturity investments**

The Bank follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Bank evaluates its intention and ability to hold such investments to maturity. If the Bank fails to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – it will be required to reclassify the entire class as available-for-sale. The investments would therefore be measured at fair value not amortised cost. If all held to maturity investments were to be reclassified as at 31 December 2011 the carrying value would increase by TZS 148 million in the fair value reserve account in shareholders equity.

## NOTES (CONTINUED)

### 5 INTEREST AND SIMILAR INCOME

	2011 TZS'Millions	2010 TZS'Millions
Loans and advances to customers	154,832	104,691
Government securities	30,967	34,943
Placements with other banks	7,206	1,808
	<u>193,005</u>	<u>141,442</u>

There is no interest income from impaired financial assets (2010: Nil).

### 6 INTEREST AND SIMILAR EXPENSES

Saving deposits	6,152	10,412
Current accounts	232	8
Time deposits	520	529
Deposits from banks	928	83
	<u>7,832</u>	<u>11,032</u>

### 7 FEES AND COMMISSION INCOME

Commissions	42,561	30,024
Fees	24,805	24,173
Drafts and transfers	629	229
	<u>67,995</u>	<u>54,426</u>

### 8 FOREIGN EXCHANGE INCOME

Foreign currency trading	6,891	12,292
Others	546	197
	<u>7,437</u>	<u>12,489</u>

### 9 OTHER OPERATING INCOME

Miscellaneous income	6,770	4,211
Rent received	38	26
Profit on sale of property and equipment	37	20
	<u>6,845</u>	<u>4,257</u>

### 10 STAFF COSTS

	2011	
Salaries and allowances	44,444	34,120
Pension costs - defined contribution plan	5,470	4,199
Other emoluments	13,732	8,141
	<u>63,646</u>	<u>46,460</u>

## NOTES (CONTINUED)

### 11 OTHER OPERATING EXPENSES

	2011 TZS'Millions	2010 TZS'Millions
Administrative expenses	52,371	44,430
Depreciation and amortisation	11,445	8,361
Management contract expenses	3,525	2,681
Travelling expenses	4,936	3,397
Repairs and maintenance	11,510	9,095
Auditors' remuneration	345	320
Directors' remuneration:	-	-
Fees	72	155
Others	208	164
Other expenses	3,998	4,817
	<u>88,410</u>	<u>73,420</u>

### 12 INCOME TAX EXPENSE

Tax expense for the year is arrived at as follows:

Current income tax – current year	31,972	25,448
Current income tax – prior years	647	2,696
Deferred income tax – current year	(993)	(1,743)
Deferred income tax – prior years	(679)	(1,937)
	<u>30,947</u>	<u>24,464</u>

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

	2011 TZS'Millions	2010 TZS'Millions
Profit before income tax	<u>102,786</u>	<u>78,445</u>
Tax calculated at the statutory income tax rate of 30% (2010:30%)	30,836	23,534
Tax effect of:		
Depreciation on non-qualifying assets	63	-
Expenses not deductible for tax purposes	77	283
Income not subject to tax	3	(112)
Prior year deferred tax and current income tax	(32)	759
Income tax expense	<u>30,947</u>	<u>24,464</u>

## NOTES (CONTINUED)

### 13 EARNINGS PER SHARE

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:

	2011 TZS'Millions	2010 TZS'Millions
Net profit attributable to shareholders	71,839	53,981
Weighted average number of shares in issue in millions (Note 27)	500	500
Basic and diluted earnings per share	<u>143.68</u>	<u>107.96</u>

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

### 14 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 50 per share, amounting to TZS 25,000 million out of 2011 profit. In 2010, dividend of TZS 36.00 per share, amounting to TZS 18,000 million was approved and paid.

### 15 CASH AND BALANCES WITH BANK OF TANZANIA

	2011 TZS'Millions	2010 TZS'Millions
Cash in hand	186,637	164,153
Balances with Bank of Tanzania		
- local currency	32,696	44,995
- foreign currency	3,913	3,037
Statutory Minimum Reserves (SMR)	206,997	187,042
	<u>430,243</u>	<u>399,227</u>

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 28). Balances with Bank of Tanzania are non-interest bearing.

### 16 LOANS AND ADVANCES TO BANKS

	2011 TZS'Millions	2010 TZS'Millions
Placement with local banks	103,030	119,106
Balances with banks abroad	56,916	26,055
Cheques and items for clearing from other banks	<u>12,791</u>	<u>7,145</u>
	<u>172,737</u>	<u>152,306</u>
Current	<u>172,737</u>	<u>152,306</u>

NOTES (CONTINUED)

17 LOANS AND ADVANCES TO CUSTOMERS

	2011 TZS'Millions	2010 TZS'Millions
Loans to customers	1,102,664	844,180
Staff loans	36,543	30,570
Gross loans and advances	1,139,207	874,750
Less: allowance for impairment	(15,689)	(16,965)
	<u>1,123,518</u>	<u>857,785</u>
Current	901,875	623,521
Non current	237,332	251,229
	<u>1,139,207</u>	<u>874,750</u>

The movements in allowance for impairment of loans and advances by class is as follows;  
(Amounts are in TZS Millions).

	Individual (retail) customers		Corporate entities		
	MSEs	Consumer	SMEs	Corporate	Total
<b>Balance at 1 January 2011</b>	5,420	7,581	1,432	2,532	16,965
Increase/(decrease) in allowance for loan impairment	1,624	6,740	3,052	336	11,752
Write-offs	(5,104)	(6,601)	(1,188)	(135)	(13,028)
<b>At 31 December 2011</b>	<b>1,940</b>	<b>7,720</b>	<b>3,296</b>	<b>2,733</b>	<b>15,689</b>
<b>Balance at 1 January 2010</b>	2,615	8,504	2,260	3,219	16,598
Increase in allowance for loan impairment	3,720	(923)	(436)	(687)	1,674
Write offs	(915)	-	(392)	-	(1,307)
<b>At 31 December 2010</b>	<b>5,420</b>	<b>7,581</b>	<b>1,432</b>	<b>2,532</b>	<b>16,965</b>

## NOTES (CONTINUED)

### 18 INVESTMENT SECURITIES HELD-TO-MATURITY

	2011 TZS'Millions	2010 TZS'Millions
<b>Treasury Bills and Bonds:</b>		
Maturing within 91 days	89,458	223,087
Maturing after 91 days	245,510	368,214
	<u>334,968</u>	<u>591,301</u>
Recapitalisation bond	26,975	26,975
Loans and Advances Realisation Trust (LART) bond	-	15,688
	<u>361,943</u>	<u>633,964</u>

The LART Bond attracts an interest rate of 11%. This is received on a quarterly basis. 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 of 5.5% (2010: 9.69%)

### 19 EQUITY INVESTMENTS

The Bank has made equity investments in three companies shown below. All the companies are at development stage.

Company name	2011 TZS'Millions	% age Shareholding	2010 TZS' Millions	% age Shareholding
Upanga Joint Venture Company Limited	1,324	32.00	950	32.00
Ohio Street Properties Limited	1,281	50.00	1,281	50.00
Tanzania Mortgage Refinance Company	1,200	14.63	600	21.00
	<u>3,805</u>		2,831	

The directors believe that costs of the investments approximate the fair values at the reporting date. Upanga Joint Venture Company Limited and Ohio Street Properties Limited have not yet started operations and funds invested are held in bank accounts.



NOTES (CONTINUED)  
20 OTHER ASSETS

	2011 TZS'Millions	2010 TZS'Millions
Service fees receivable	3,196	2,014
Prepayments	5,198	4,882
Other receivables	142	2,930
Staff imprest	313	-
Less: impairment provision for other receivables	(161)	(720)
	<u>8,688</u>	<u>9,106</u>
Current	<u>8,688</u>	<u>9,106</u>

The movements in provision for impairment of other receivables is as follows:

	2011 TZS'Millions	2010 TZS'Millions
Balance at 1 January 2011	(720)	(1,271)
Release of provision	559	551
Balance at 31 December 2011	<u>(161)</u>	<u>(720)</u>

21 **NOTES (CONTINUED)**  
**PROPERTY AND EQUIPMENT**

	<b>Buildings</b>	<b>Motor vehicles</b>	<b>Computers, Furniture, fittings and equipment</b>	<b>Capital Work in Progress</b>	<b>Total</b>
	<b>TZS' Millions</b>	<b>TZS' Millions</b>	<b>TZS' Millions</b>	<b>TZS' Millions</b>	<b>TZS' Millions</b>
At 1 January 2010					
Cost	17,943	3,033	30,125	9,963	61,064
Accumulated depreciation	(5,947)	(2,367)	(20,895)	-	(29,209)
<b>Net book value</b>	<b>11,996</b>	<b>666</b>	<b>9,230</b>	<b>9,963</b>	<b>31,855</b>
<b>Year ended 31 December 2010</b>					
Opening net book value	11,996	666	9,230	9,963	31,855
Additions	9,092	685	6,215	8,672	24,664
Transfer	(400)	-	914	(510)	-
Write off	-	-	-	(278)	(278)
Disposals	-	-	(9)	-	(9)
Depreciation charge	(1,973)	(348)	(5,311)	-	(7,632)
<b>Closing net book value</b>	<b>18,715</b>	<b>1,003</b>	<b>11,039</b>	<b>17,847</b>	<b>48,604</b>
<b>At 31 December 2010</b>					
Cost	26,633	3,678	36,742	17,847	84,900
Accumulated depreciation	(7,918)	(2,675)	(25,703)	-	(36,296)
<b>Net book value</b>	<b>18,715</b>	<b>1,003</b>	<b>11,039</b>	<b>17,847</b>	<b>48,604</b>
<b>Year ended 31 December 2011</b>					
Opening net book value	18,715	1,003	11,039	17,847	48,604
Additions	113	-	7,831	13,305	21,249
Transfer from work in progress	4,401	714	14,268	(19,383)	-
Write off	-	-	-	(217)	(217)
Disposals	-	-	(19)	(20)	(39)
Depreciation charge	(2,726)	(428)	(7,638)	-	(10,792)
<b>Closing net book value</b>	<b>20,503</b>	<b>1,289</b>	<b>25,481</b>	<b>11,532</b>	<b>58,805</b>
<b>At 31 December 2011</b>					
Cost	31,147	4,311	58,481	11,532	105,471
Accumulated depreciation	(10,644)	(3,022)	(33,000)	-	(46,666)
<b>Net book value</b>	<b>20,503</b>	<b>1,289</b>	<b>25,481</b>	<b>11,532</b>	<b>58,805</b>

No property and equipment has been pledged as security for liabilities (2010: None).

22 **NOTES (CONTINUED)**  
**INTANGIBLE ASSETS**

	2011 Computer software TZS'Millions	2010 Computer software TZS'Millions
<b>Movement during the year</b>		
At start of year	977	1,279
Additions	522	812
Adjustments	-	(385)
Amortisation	(653)	(729)
<b>At end of year</b>	<b>846</b>	<b>977</b>
<b>At 31 December</b>		
Cost	6,226	5,703
Accumulated amortisation	(5,380)	(4,726)
<b>Net book amount</b>	<b>846</b>	<b>977</b>

No intangible asset has been pledged as security for liabilities (2010: None)

23 **DEFERRED INCOME TAX**

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:

	2011 Computer software TZS'Millions	2010 Computer software TZS'Millions
At start of year	(4,446)	(766)
Profit and loss account current year (Note 12)	(993)	(1,743)
Profit and loss account prior year (Note 12)	(679)	(1,937)
<b>At the end of year</b>	<b>(6,119)</b>	<b>(4,446)</b>

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

	1 January 2011 2011 TZS'Millions	Prior period profit and loss TZS'Millions	Credited to profit and loss TZS'Millions	31 December 2011 TZS'Millions
Deferred income tax asset				
Property and equipment	(3,170)	(17)	433	(2,756)
Provisions	(1,276)	(662)	(1,426)	(3,363)
	<b>(4,446)</b>	<b>(679)</b>	<b>(993)</b>	<b>(6,119)</b>

## NOTES (CONTINUED)

### 24 DEPOSITS FROM CUSTOMERS

	2011 TZS'Millions	2010 TZS'Millions
Current accounts	864,146	925,695
Personal accounts	916,079	851,955
Time deposit accounts	17,254	18,866
Special deposits	7,220	16,131
	<u>1,804,699</u>	<u>1,812,647</u>
Current	1,795,958	1,777,650
Non current	8,741	34,997
	<u>1,804,699</u>	<u>1,812,647</u>

### 25 OTHER LIABILITIES

Accrued expenses	15,185	9,714
Refundable deposits	8,644	7,696
Bills payable	7,036	2,621
Sundry liabilities	14,234	14,441
	<u>45,099</u>	<u>34,472</u>
Current	<u>45,099</u>	<u>34,472</u>

### 26 PROVISIONS

Potential losses from frauds	3,269	3,822
Potential losses from legal cases	854	-
	<u>4,123</u>	<u>3,822</u>
Movement during the year		
At start of year	3,822	1,000
Increase in provision	3,111	2,822
Release of provision	(2,810)	-
At end of year	<u>4,123</u>	<u>3,822</u>

### 27 SHARE CAPITAL

Authorised 625,000,000 ordinary shares of TZS 40 each	25,000	25,000
Called up and fully paid 500,000,000 ordinary shares of TZS 40 each	20,000	20,000
	<u>20,000</u>	<u>20,000</u>

## NOTES (CONTINUED)

### 28 CASH AND CASH EQUIVALENTS

	2011 TZS'Millions	2010 TZS'Millions
Cash and balances with Bank of Tanzania (Note 15)	430,243	399,227
Less: Statutory Minimum Reserves (Note 15)	(206,997)	(187,042)
Government securities (Note 18)	89,458	223,087
Loans and advances to banks (Note 16)	172,737	152,306
	<u>485,441</u>	<u>587,578</u>

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, Government securities, and Placement with other banks. Cash and cash equivalents exclude the cash reserve requirement held with the Bank of Tanzania.

### 29 FINANCIAL INSTRUMENTS BY CATEGORY

	Loans and receivables TZS'Millions	Held to maturity TZS'Millions	Available for sale TZS'Millions	Total TZS'Millions
<b>31 December 2011</b>				
<b>Financial assets</b>				
Cash and balances with Bank of Tanzania	430,423	-	-	430,423
Investment securities held-to-maturity	-	361,943	-	361,943
Placements with other banks	172,737	-	-	172,737
Loans and advances to customers	1,123,518	-	-	1,123,518
Equity investments	-	-	3,805	3,805
Other assets excluding prepayment	3,490	-	-	3,490
	<u>1,730,168</u>	<u>361,943</u>	<u>3,805</u>	<u>2,095,916</u>

#### Financial liabilities

	Financial liabilities at fair value through profit or loss	Other liabilities at amortised cost	Total
Deposits from customers	-	1,804,699	1,804,699
Deposits from banks	-	31,970	31,970
Other liabilities excluding statutory obligations	-	42,507	42,507
	<u>-</u>	<u>1,879,176</u>	<u>1,879,176</u>

## NOTES (CONTINUED)

### 29 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

31 December 2010

#### Financial assets

Cash and balances with

	Loans and receivables TZS'Millions	Held to maturity TZS'Millions	Available for sale TZS'Millions	Total TZS'Millions
Bank of Tanzania	399,227	-	-	399,227
Government securities held-to-maturity	-	633,964	-	633,964
Placements with other banks	152,306	-	-	152,306
Loans and advances to customers	857,785	-	-	857,785
Equity investments	-	-	2,831	2,831
Other assets excluding prepayment	4,224	-	-	4,224

1,413,542	633,964	2,831	2,050,337
-----------	---------	-------	-----------

#### Financial liabilities

	Financial liabilities at fair value through profit or loss	Other liabilities at amortised cost	Total
Deposits from customers	-	1,812,647	1,812,647
Deposits from banks	-	29,442	29,442
Other liabilities excluding statutory obligations	-	32,417	32,417
	-	1,874,506	1,874,506

### 30 CONTINGENT LIABILITIES AND COMMITMENTS

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 2011, 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:-



## NOTES (CONTINUED)

### 30 CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

	2011 TZS'Millions	2010 TZS'Millions
<b>Commitments</b>		
Guarantees and Indemnities	230	154
Overdraft	47,829	72,168
Acceptances and letters of credit	11,338	553
	<u>59,397</u>	<u>72,875</u>

#### 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.

#### Legal claims

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

#### Capital commitment

As at 31 December 2011, the Bank had capital commitments of TZS 41.8 billion (2010: 29.7 billion) in respect of new branches, branch remodelling, equipment and information technology. The expenditure contracted as at the balance sheet date but not yet incurred is as follows:

	2011 TZS'Millions	2010 TZS'Millions
Information technology	10,893	8,770
New branches	1,500	4,300
Branch and business centres remodelling	10,980	8,605
Other including equipment, vehicles and furniture	15,373	7,992
Songambebe Project	3,011	-
	<u>41,757</u>	<u>29,667</u>

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

## NOTES (CONTINUED)

### 30 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:-

	2011 TZS'Millions	2010 TZS'Millions
Not later than 1 year	5,384	451
Later than 1 year and no later than 5 years	10,839	2,496
Later than 5 years	1,313	1,316
<b>Total</b>	<b>17,536</b>	<b>4,263</b>

### 31 EFFECTIVE INTEREST RATES OF FINANCIAL ASSETS AND LIABILITIES

The effective interest rates for the principal financial assets and liabilities at 31 December 2011 and 2010 were as follows:

	2011	2010
Government securities	5.47%	6.03%
Deposits with banking institutions	5.25%	1.43%
Loans and advances to customers	14.47%	14.60%
Customer deposits	0.38%	0.51%
Deposits from banks	2.15%	1.68%

### 32 BANK SHAREHOLDING

The shareholding of the Bank is as shown below:

Name of the Shareholder	31 December 2011 No. of Shares	% age Shareholding
Cooperative Centrale Raiffeisen-Boerenleenbank		
B.A "Rabobank Nederland" (Rabobank)	174,500,000	34.9%
Treasury Registrar	158,901,800	31.8%
Public	67,545,755	13.5%
National Investment Company (NICO)	33,000,000	6.6%
Exim Bank (Tanzania) Limited	22,975,904	4.6%
SCB (T) Nominee Limited	9,801,749	2.0%
Aunali F.Rajabali	8,378,418	1.7%
Sajjad F.Rajabali	8,099,569	1.6%
Standard Bank Plc	6,666,872	1.3%
Parastatal Pension Fund (PPF)	4,138,786	0.8%
National Social Security Fund (NSSF)	3,379,261	0.7%
TCCIA Investment Company Limited	2,611,886	0.5%
	<b>500,000,000</b>	<b>100%</b>

## 33 NOTES (CONTINUED)

### RELATED PARTY TRANSACTIONS

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

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

#### (a) Loans and advances to related parties

At 31 December 2011 there were no loans issued to companies controlled by Directors or their families. Advances to customers at 31 December 2011 include loans to key management personnel as follows:

	2011 TZS'Millions	2010 TZS'Millions
At start of year	251	176
Advanced during the year	371	178
Repaid during the year	(42)	(103)
At end of year	580	251
Interest income earned	46	13

No provisions have been recognised in respect of loans given to related parties (2010: Nil). The loans issued to key management during the year 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	
	2011 TZS'Millions	2010 TZS'Millions	2011 TZS'Millions	2010 TZS'Millions
<b>Deposits</b>				
Deposits at the beginning of the year	12	16	29	18
Deposits received during the year	1,208	196	-	694
Deposits repaid during the year	(1,198)	(200)	(29)	(683)
Deposits as at the end of the year	22	12	-	29
Interest expense	-	-	-	-

The above deposits are unsecured, carry variable interest rate and are repayable on demand.

## NOTES (CONTINUED)

### 33 RELATED PARTY TRANSACTIONS (CONTINUED)

	2011 TZS'Millions	2010 TZS'Millions
<b>(c) Key management compensation</b>		
Salaries and other short-term benefits	599	514
Post employment benefits	90	77

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 3,525 million (2010: TZS 2,681 million) was paid to Rabobank during the year as management and technical assistance expenses.

Nostro balances with Rabobank at year end amounted to TZS 3,868 million (2010: TZS 4,586 million).

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

The Government of Tanzania owns 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 361,943 million (2010: TZS 633,964 million). The Bank also accepts deposits from various Government institutions and agencies. All deposits from Government do not attract interest.

#### **(f) Directors' remuneration**

Fees and other emoluments paid to Directors of the Bank during the period amounted to TZS 280 million (2010: TZS 219 million). Details of payment to individual directors will be tabled at the annual general meeting.

### 34 EVENTS AFTER BALANCE SHEET DATE

There were no events after the balance sheet date that had material impact to the financial statements.



Afisa Mkuu wa Fedha wa benki ya **NMB**, Waziri Barnabas akikabidhi mpira kwa wanafunzi wa shule ya msingi ikiwa ndani ya **Programu ya NMB ya Mipira** kwa shule za msingi. Wanaoshuhudia ni maofisa wa TFF na maofisa wa kampeni dhidi ya malaria

# TAARIFA YA MKUTANO MKUU WA 12 WA WANAHISA WA BENKI YA NATIONAL MICROFINANCE BANK (NMB) PLC

---

Taarifa inatolewa kwamba mkutano mkuu wa 12 wa mwaka wa wanahisa wa NMB utafanyika katika ukumbi wa Mlimani City Dar es Salaam saa 4 asubuhi siku ya Jumamosi, Juni 2, 2012. Agenda itakuwa kama ifuatavyo:

## 12.1 MATANGAZO NA AKIDI

## 12.2 KUPITISHA AJENDA ZA MKUTANO

## 12.3 KUTHIBITISHA KUMBUKUMBU ZA MKUTANO MKUU WA 11 ULIOFANYIKA TAREHE 28 MEI 2011.

## 12.4 YATOKANAYO NA MKUTANO WA 10 WA WANAHISA

## 12.5 KUPOKEA, KUJADILI NA KUPITISHA RIPOTI YA WAKURUGENZI NA TAARIFA ZA FEDHA KWA MWAKA ULIOISHIA 31 DESEMBA 2011.

## 12.6 KUIDHINISHA GAWIO KWA MWAKA UNAOISHIA 31 DESEMBA 2011

## 12.7 KUPOKEA NA KUIDHINISHA MALIPO YA WAKURUGENZI

## 12.8 KUTEUA WAKURUGENZI

## 12.9 KUPOKEA NA KUTHIBITISHA UTEUZI WA WAKAGUZI WA HESABU KWA MWAKA UNAOMALIZIKA 31 DESEMBA 2012.

## 12.10 MENGINEYO



## MAELEZO MUHIMU

1. Mwanachama anayetarajia kuhudhuria mkutano lazima aje na nakala yake ya risiti ya uwekezaji wa hisa (Depository receipt) au cheti chake cha hisa (share certificate) au kitambulisho chake au kadi yake ya benki.
2. Mjumbe anayeruhusiwa kuhudhuria na kupiga kura kwenye mkutano anaruhusiwa kuchagua mwakilishi kuhudhuria na kupiga kura kwa niaba yake kwa kufuata /kuzingatia taratibu na Sheria za Kampuni kama zilivyorekebishwa. Fomu ya uwakilishi lazima iwasilishwe kwenye ofisi iliyosajiliwa ya Kampuni kabla ya saa 4 asubuhi Alhamisi ya tarehe 31 Mei 2012.
3. Mwanachama anayetarajia kuhudhuria kikao atatakiwa kuhudhuria kwa gharama zake mwenyewe. Nakala za taarifa ya mwaka na fomu za mwakilishi zitapatikana matawini.
4. Wakurugenzi wamependekeza ulipwaji wa gawio la shilingi 50 kwa kila hisa, inayoleta jumla ya shilingi 25 bilioni kutokana na faida ya mwaka 2011. Mwaka 2010, gawio lilikuwa ni shilingi 36 kwa kila hisa, lililoleta jumla ya shilingi 18 bilioni zilizopitishwa na kulipwa.

### Tarehe za kuzingatia:

Tarehe ya tangazo:	11 Mei 2012
Hisa kuuzwa pamoja na gawio :	11 Mei 2012
Mwisho wa hisa kuuzwa pamoja na gawio:	30 Mei 2012
Hisa kuanza kuuzwa bila gawio:	31 Mei 2012
Daftari la wanahisa kufungwa:	6 Juni 2012
Malipo ya gawio kwa wanahisa:	kuanzia tarehe 20 Juni 2012

Kwa amri ya Bodi ya Wakurugenzi,



Lilian R. Komwihangiro  
Katibu wa Kampuni

11 Mei 2012.

# 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 MBILI WA MWAKA  
wa kampuni utakaofanyika kwenye ukumbi wa Mlimani City Dar es Salaam siku ya Jumamosi  
tarehe 2 Juni 2012, hata katika kuahirishwa kwake.

Imesainiwa tarehe .....siku ya ..... 2012

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.



Meneja wa tawi la Dodoma la benki ya **NMB** akiwa ameshikilia kombe la ushindi baada ya kuibuka vinara wa walipa kodi kwa ngazi ya taifa

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

**NMB**

# Taarifa ya Athari

## Utangulizi

Dira ya NMB ni kuwa chaguo la kwanza katika taasisi za utoaji huduma za kibenki nchini Tanzania. Lengo kuu ni kuwatambua na kuelewa mahitaji ya wateja wake.

Kama lengo, NMB ina mbinu inayolenga kuongoza kwenye soko la kibenki hapa Tanzania. NMB katika utendaji wake inawajibika kushiriki kikamilifu katika ukuzaji wa uchumi. Wafanyakazi wa NMB ni moja ya sababu kubwa ya mafanikio tunayoyaona.

Kiwango cha Athari kinachokubalika ina amuliwa na Bodi ya Wakurugenzi. Bodi inatoa jukumu hili kupitia Kamati yake ya Ukaguzi, Athari na Utimilifu. Kiwango cha athari kinatamka pia kanuni, malengo na vipimo katika kusimamia gharama za Benki na rasilimali muhimu: Mizania, mtaji wake na sifa ya NMB.

Kuwa endelevu, ni lengo kuu la NMB. Ili kuhakikisha kuendelea huku, uimara wa kifedha

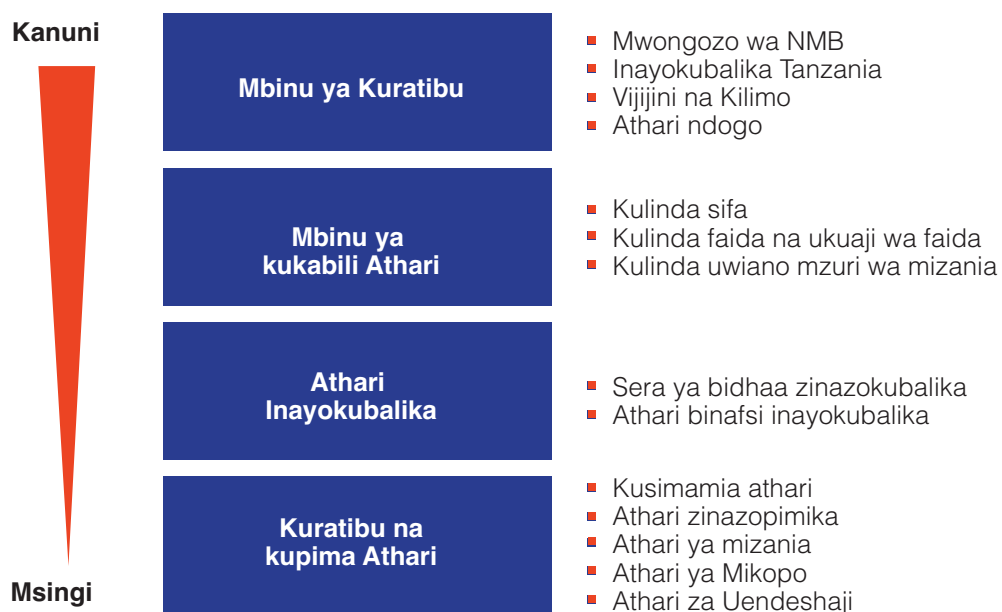
na sifa nzuri ni vigezo muhimu. NMB inaepuka athari zinazoweza kuhatarisha kuendelea au kuharibu mpango wake wa biashara.

NMB ina mila na desturi ya kanuni nzuri za kukwepa athari. Inatambua athari na kutumia vizuri rasilimali zake muhimu kwa umakini na uangalifu.

NMB inalenga kuwa na athari ndogo sana ikilinganishwa na taasisi nyingine za Fedha, hasa zilizopo kwenye fani ya benki. Utabiri na kutotetereka katika matokeo ya kifedha na uwiano imara wa mizania ni muhimu hasa katika swala hili, pamoja na mambo mengine, ikiwa ni pamoja na kiwango cha juu cha uwiano wa mtaji namba moja (tier -1 capital). Kulinda sifa yake benki inahitaji uwazi na usimamizi sahihi hata kama itabidi kutumia jitihada za ziada.

Kuwa na athari ndogo inatakiwa ichangie uimara wa mapato yake ikiwa ni pamoja na kujiweka mbali na upatikanaji wa hasara.

## TARATIBU ZA KURATIBU ATHARI



## Mkakati wa Mbinu

Mkakati wa biashara wa NMB unaongozwa na mwongozo wetu na kauli mbiu yetu kuwa chaguo la kwanza katika taasisi za utoaji huduma za kibenki nchini Tanzania vijijini na hata mijini. Kujihusisha sana na shughuli za kilimo kwa kuzingatia pia tahadhari yanapewa kipaumbele.

### Mbinu za Athari

NMB inatamani kuendelea kuwa na uimara wa kifedha ili kulinda uendelevu wake. Kwa mantiki hiyo isingependa kuingia kwenye athari ambazo katika sababu zinazotegemewa zingeweza kuepukika.

NMB ina mbinu za athari zinazolenga kuendelea na kuweka umakini katika;

- Kulinda jina na sifa yake
- Kulinda faida na ukuaji wa faida yake
- Kulinda uimara wa uwiano wa mizania yake

Maeneo haya matatu muhimu katika mbinu za athari hazisimami zenyewe bali zina tegemeana. Sifa ni muhimu katika kulinda imani kwa wateja na wawekezaji na kwahiyo ni muhimu kulinda uimara wa uwiano wa mizania. Uimara wa uwiano wa mizania kwa maana nyingine zinasaidia faida na hiyo pia inasaidia imani na sifa.

### Uchaguzi wa Athari Zinazokubalika

Katika kubuni bidhaa na shughuli zake, NMB huwa inawapa kipaumbele wateja pamoja na kulinda hadhi ya NMB na kuepuka hasara kubwa. Uidhinishwaji wa bidhaa mpya huwa inatolewa na kamati ya kukubali bidhaa. NMB inaendesha shughuli zake kwa uelewa kamili wa wateja wao. NMB inasimamia sana sera ya Jua Mteja Wako kwaajili ya kumjua kila mteja kwanzia anapofungua benki akaunti hadi anapotumia bidhaa zingine ikiwa ni pamoja na mikopo.

## Usimamizi na Upimaji wa Athari

Katika NMB taratibu za Kukabili Athari Kitasinia (“Enterprise Risk Management”) zinatumiwa kwa umakini kusimamia na kupunguza athari mbalimbali za benki katika kiwango kinachokubalika. Ifahamike kwamba, mchakato huu umebuniwa kusimamia na sio kwamba utaondoa kabisa athari ya kushindwa kufikia malengo ya benki kibiashara.

Katika kiwango cha juu Bodi ya Wakurugenzi inatambua majukumu yake kwa ujumla katika mchakato wa usimamizi wa athari pamoja na kutathimini utendaji wake; Uidhinishaji, kiwango cha kukubali athari, mbinu za kupambana nazo, na sera mpaka ukomo wa athari.

Afisa Mtendaji Mkuu, Afisa Mkuu wa Athari pamoja na Menejimenti yote wanasaidiana na kamati za usimamizi kama vile ALCO, PAC, OPSCO na CREDCO kwa ukamilifu ili kusimamia utekelezaji wa sera na taratibu za Athari ndani ya Benki. Bodi kupitia BARCC kila mara inarudia na kutathmini kwa umakini Sera na Taratibu za usimamiaji wa athari ndani ya benki.

Afisa Mkuu Msimazizi wa Athari anao wajibu wa utekelezaji wa kila siku wa sera za athari ndani ya Benki ili kuhakikisha kuwa zinafanya inavyotakiwa ikiwa inajitegemea kuchunguza, kuchambua, kupima, na kutoa taarifa juu ya athari mbalimbali za kiutendaji zikihusisha sehemu mbali mbali kama vile mikopo, utendaji, uidhinishaji wa bidhaa, athari za utimilifu, athari za ukwasi, athari za soko na athari za manunuzi. NMB inawajibika yenyewe kuhakikisha kuwa inachunguza athari zake kila wakati na kuhakikisha kuwa imeweka kinga mathubuti kuzuia athari hizi.

# Historia ya Umiliki

---

## Historia

National Microfinance Bank Plc. (NMB) ni miongoni mwa Benki kubwa za biashara hapa Tanzania, inayotoa huduma kwa wateja binafsi, wateja wadogo, wateja wa kati, wateja wa jumla pamoja na kwa biashara kubwa.

Ilianzishwa chini ya 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. Kwa wakati huo taasisi tatu ziliundwa ambazo ni NBC Holding Corporation Ltd, NBC (1997) na National Microfinance Bank limited.

Mwanzoni NMB ilikuwa ikitoa huduma za malipo na akaunti za akiba tu kabla ya kupanua huduma zake na kuwa benki ya kawaida ya biashara.

Mwaka 2005, Serikali ya Jamhuri ya Muungano wa Tanzania ilibinafsisha benki wakati ilipouza asilimia arobaini na tisa (49%) ya sehemu ya hisa ilizomiliki kwa Ushirika uliokuwa ukiongozwa na Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. ('Rabobank Group'). Inayojumuisha Kampuni ya Uwekezaji ya Taifa (NICOL), Exim Bank Tanzania Limited na Kampuni ya uwekezaji (TCCIA)

Kwa Mara nyingine, Mwaka 2008 Serikali ya Tanzania ilipopunguza tena asilimia ishirini na moja (21%) ya hisa zake kwa kuziua kwa mara ya kwanza kwa umma wa watanzania (Initial Public Offering).

## Wateja wetu

Msingi mkuu wa wateja wa NMB umebaki kuwa uwakilishi wa watanzania kwa ujumla wao pamoja na Serikali, Watumishi waUmma, Mashirika Makubwa, wateja wadogo na wakati, wateja wa kati na wakubwa, wakulima ikijumuisha pia wakulima wadogo na taasisi ndogondogo za fedha, pamoja na umma wa watanzania waishio Vijijini na mijini. NMB inategemea mtandao wake mpana wa utoaji huduma unaoiwezesha kuwafikia wateja wake na ni kigezo kimojawapo cha kufanya Watanzania kupata huduma bora za kifedha.

## Wafanyakazi

Wafanyakazi wetu, takribani 2,000 ni wanahisa wa NMB na wao pamoja na familia zao wana masilahi ya moja kwa moja na ni sehemu ya mafanikio ya muda mrefu ya NMB.

## Umiliki

Jumla ya wanahisa kwa mwa 2011 inakadiriwa kufikia 28,000.



## Orodha ya Wanahisa ambao wanamiliki 0.5% au zaidi

Jina la Mwanahisa	Idadi ya Hisa wanazomiliki	Asilimia ya Hisa wanazomiliki
Cooöperatieve Centrale Raiffeisen-Boerenleenbank B.A "Rabobank Nederland" (Rabobank)	174,500,000	34.9%
Treasury Registrar (Government of Tanzania)	158,901,800	31.8%
National Investment Company Limited (NICOL)	33,000,000	6.6%
Exim Bank (Tanzania) Limited	22,975,904	4.6%
Standard Chartered Bank (T) Nominee Limited	9,801,749	2.0%
Aunali F. Rajabali	8,378,418	1.7%
Sajjad F. Rajabali	8,099,569	1.6%
Standard Bank Plc	6,666,872	1.3%
Parastatal Pension Fund (PPF)	4,138,786	0.8%
National Social Security Fund (NSSF)	3,379,261	0.7%
TCCIA Investment Company Limited	2,611,886	0.5%

## Wanachama Waanzilishi

### Rabobank Group

Rabobank ni mtoaji wa huduma za kifedha inayojiendesha katika misingi ya kijamaa. Ilianzia kwenye mikopo ya jamii ya kijamaa iliyoundwa huko Uholanzi karibia miaka 110 iliyopita na wajasiliamali amabao mwanzoni hawakupata nafasi katika masoko ya mitaji. Rabobank iliyoundwa kutokana na misingi imara kwenye sekta ya kilimo na biashara ndogo ndogo na za kati.

Rabobank ni kati ya mabanki yanayoongoza huko Uholanzi. Imejiri zaidi ya watu 55,000 ambao wanahudumia wateja wanaokadiriwa kuwa million 10 katika nchi 48. Kwa Mtaji, Rabobank iko kati ya Tasisi kubwa zaidi za kifedha 25. Rabobank ina tathmini ya hali ya juu ya ukopeshwaji ambayo ilitunukiwa na Rating Agencies Standard & Poor's Moody Investor Services and DBRS. Kwa taarifa zaidi tafadhali tembelea tovuti hii [www.rabobank.com](http://www.rabobank.com). Wanachama wengine waanzilishi wa Rabobank na washirika wake ni pamoja na Exim Bank (T) Limited, Kampuni ya Uwekezaji Tanzania (NICOL) na TCCIA Investment Company Limited.

### Serikali ya Tanzania

Serikali ya Jamhuri ya Muungano wa Tanzania inamiliki 31.78% ya hisa za NMB. Inamiliki hisa hizi kupitia kwa Msajili wa Hazina katika Wizara ya Fedha na Uchumi.

### Wanahisa wasio waanzilishi

Umma wa watanzania unamiliki 20.3% ya hisa za NMB. Kati ya hizi Wafanyakazi wa NMB wanamiliki jumla ya hisa 16,098,200 au 3.2% ya hisa zote za benki.

### Wawekezaji wa nje

Wawekezaji wa kigeni pia wanamiliki 3.36% ya hisa za benki ya NMB. Hawa ni pamoja na Standard Bank Plc ambao wanamiliki 1.3% kati ya wengine.

Utendaji wa hisa		2011	2010	2009	2008
Mapato ya msingi na mengineyo kwa kila hisa	Shilingi	144	108	95	97
Gawio kwa kila hisa	Shilingi	50	36	31	30
Bei ya hisa ya kufungia soko	Shilingi	850	660	810	970
Idadi ya hisa silizopelekwa sokoni	Millioni	500	500	500	500
Kinga ya gawio		2.87	3.00	3.03	3.25
Thamani ya mali kamili ya kampuni kwa kila hisa	Shilingi	569	461	384	319
Gawio lililopatikana - gawio la kawaida	%	6%	5%	4%	3%
Mapato yaliyopatikana - gawio la kawaida	%	17%	16%	12%	10%
Bei kwenye uwiano wa kitabu		1.49	1.43	2.11	3.04
Bei: Uwiano wa mapato - hisa za kawaida		5.92	6.11	8.52	9.96
Soko la mitaji	Milioni	425,000	330,000	405,000	485,000
Mali kamili ya kampuni	Milioni	284,359	230,520	192,239	159,689
Kiasi cha hisa zilizouzwa	Milioni	22.99	6.43	20.66	12.24
Fedha zilizobadilishwa thamani kwa kila hisa (shilingi)	Shilingi	786	758	805	1,057

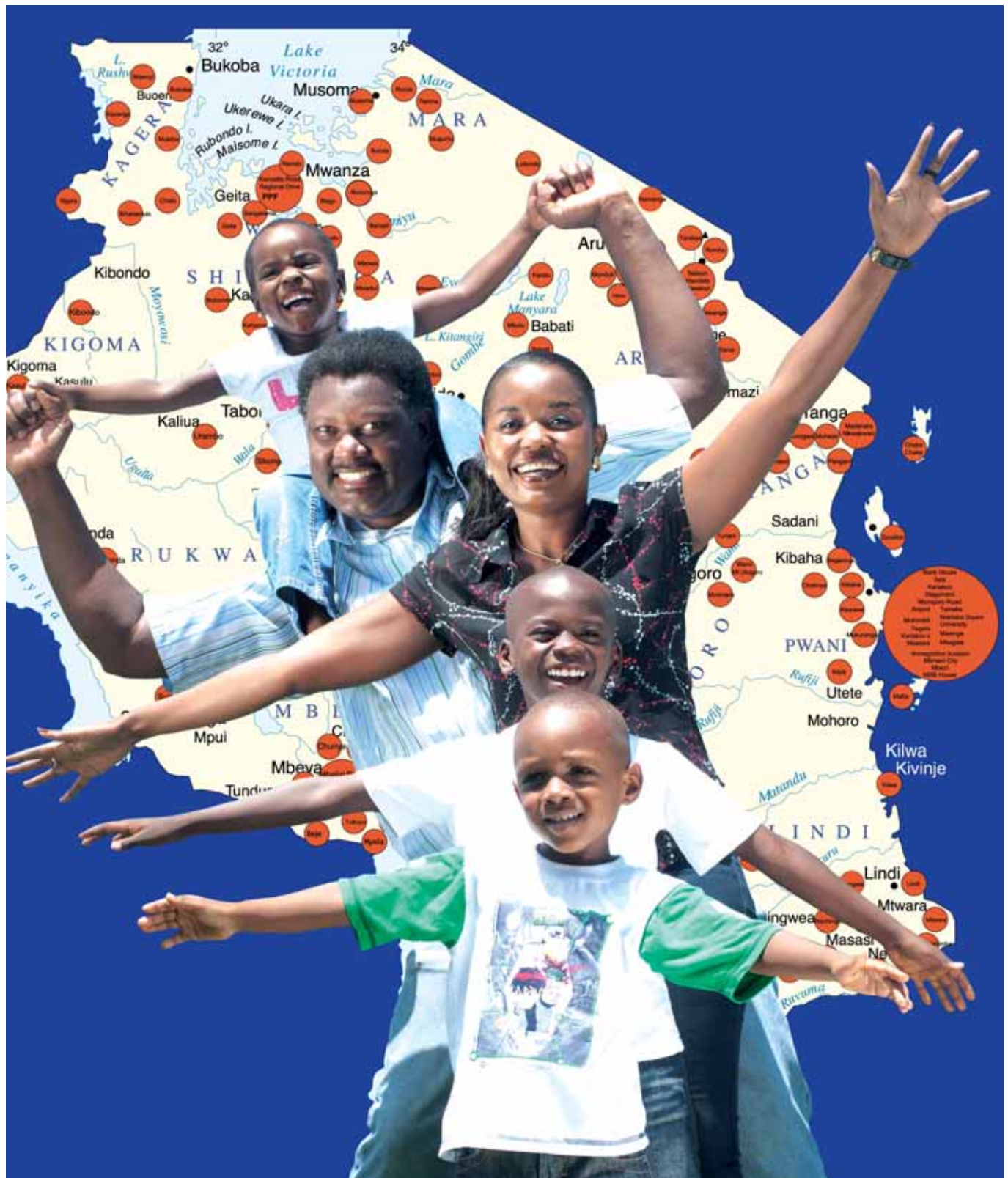


**Karibu nawe** kukusaidia mahitaji ya biashara yako

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

**NMB**





**Karibu nawe** nchi nzima

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

**NMB**

# Idara muhimu ndani ya Makao Makuu ya NMB

---

1. Wholesale Banking	2161157
• Corporate Banking	2161026
• Transaction services	2161071
a) Cash management	
b) Trade	
• Agribusiness	2161184
• Government and public sector	2161157
2. Retail Banking	2161164
• Personal Banking	2161196
• MSME Banking	2161164
• Marketing and communication	2161155
3. Treasury	2161153
• Foreign exchange dealing	
• Money marketing dealing	
• Treasury sales	
4. Legal, company secretarial and investor relations	2161305
5. Customer queries	2161000

# Mawasiliano ya Matawi ya NMB

REGION	BRANCH/UNIT	CONTACT ADDRESS	TEL. DIRECT	TEL. GENERAL	FAX NO.
DAR ES SALAAM	Head Office	P.O. Box 9213, Dar es salaam	022 2161000	022 2161001	
	DSM Zonal Office	P.O. Box 4887, Dar es salaam	022 2128684	022 2128685	022 2128687
	Bank House	P.O. Box 9031, Dar es salaam	022 2115054	23 2116924	022 2116487
	Ilala	P.O. Box 25431, Dar es salaam	022 2203193	022 2203195	022 2203194
	Kariakoo	P.O. Box 15195, Dar es salaam		022 2180034	022 2180090
	Magomeni	P.O. Box 10930, Dar es salaam	022 2171173	022 2170070	022 2170622
	Morogoro Road	P.O. Box 9064, Dar es salaam	022 2116947	022 2138945	022 2128542
	Muhimbili	P.O. Box 65589, Dar es salaam		0222152055	
	Mwenge	P.O. Box 31597, Dar es salaam	022 2700927	022 2700931	022 2700928
	Temeke	P.O. Box 45075, Dar es salaam	022 2856852	022 2856181	022 2856915
	University	P.O. Box 35199, Dar es salaam	022 2410183	022 2410183	022 2410183
	Mbagala	P.O. Box 45067, Dar es salaam	073 2990191	073 2990192	073 2990193
	Msasani	P.O. Box 33841, Dar es salaam	022 2668871	022 2666191	022 2668872
	NMB House	P.O. Box 2653, Dar es salaam	022 2161005	022 2161008	022 2161006
	Mlimani City	P.O. Box 34115, Dar es salaam	022 2411182	022 2411181	022 2411183
	Airport	P.O. Box 40951, Dar es salaam	022 2844384	022 2844385	022 2844387
ZANZIBAR	Chakechake	P.O.Box 153, Pemba	024 2452052	024 2452954	024 2452433
	Zanzibar Town	P.O Box 4608, Zanzibar	024 2239402	024 2239403	024 2239404
DODOMA	Central Zonal Office	P.O. Box 888, Dodoma	026 2322117	026 2322260	026 2321835
	Kondoa	P.O. Box 95, Kondoa	026 2360306	026 2360020	026 2360306
	Kongwa	P.O. Box 200, Kongwa	026 2320431	026 2320477	026 2320477
	Mpwapwa	P.O. Box 77, Mpwapwa	026 2320633	026 2320782	026 2320797
	Dodoma	P.O. Box 1487, Dodoma	026 2322067	026 2322405	026 2322219
	Mazengo	P.O.Box 2591 Dodoma	026 2321185	026 2321186	026 2321189
SINGIDA	Kiomboi	P.O. Box 44, Kiomboi	026 2532296	026 2532650	026 2532159
	Manyoni	P.O. Box 47, Manyoni	026 2540328	026 2540145	026 2540328
	Singida	P.O. Box 1040, Singida	026 2502100	026 2502104	026 2502100
	Itigi	P.O Box 116, Itigi	026 2540327	026 2540304	026 2540104
MANYARA	Mbulu	P.O. Box 33, Mbulu	027 2533090	027 2533064	027 2533090
	Babati	P.O. Box 70, Babati	027 2531113	027 2531027	027 2531113
	Kibaya	P.O. Box 53, Kibaya	027 2555433	027 2552030	027 2555433
	Katesh	P.O. Box 82, Katesh	027 2531697	027 2530077	027 2530076
	Simanjiro	P.O.Box 9527, Simanjiro	027 2555692	027 2555693	027 2555693
MOROGORO	Eastern Zonal Office	P.O. Box 1066 , Morogoro	023 2613479	023 2613511	023 2613600
	Ifakara	P.O. Box 33, Ifakara	023 2625033	023 2625061	023 2625094
	Kilombero	P.O. Box 142, Kidatu	023 2626053	023 2626273	023 2626225
	Kilosa	P.O Box 3, Kilosa	023 2623017	023 2623233	023 2623073
	Mahenge	P.O. Box 61, Mahenge	023 2620366		023 2627011
	Turiani	P.O. Box 167, Turiani	023 2620068	023 2620067	023 2605359
	Mvomero	P.O. Box 478, Morogoro	023 2628734	023 2628735	023 2628733
	Wami	P.O. Box 84, Morogoro	023 2613534	023 2613177	023 2613849
	Mt. Uluguru	P.O Box 81, Morogoro	023 2614407	023 2614408	023 2614406
PWANI	Bagamoyo	P.O. Box 76, Bagamoyo	023 2440128	023 2440071	023 2440055
	Chalinze	P.O. Box 34, Chalinze	023 2402922	023 2402923	023 2402922
	Kibaha	P.O. Box 30430, Kibaha	023 2402833	023 2402832	023 2402832
	Kibiti	P.O. Box 5, Kibiti	023 2010081		023 2010912
	Kisarawe	P.O. Box 28053, Kisarawe	023 2402335	023 2402335	023 2402176
	Mafia	P.O. Box 30, Mafia	023 2011331	023 2010172	023 2010171
	Mkuranga	P.O.Box 51, Mkuranga	023 2402792	023 2402793	023 2402794



MBEYA	Highland Zonal Office	P.O. Box 792, Mbeya	025 2502527	025 2504347	025 2502853
	Chunya	P.O. Box 65, Chunya	025 2520019	025 2520048	025 2520019
	Ileje	P.O. Box 17, Ileje	025 2570021	025 2570234	025 2570021
	Kyela	P.O. Box 74, Kyela	025 2540023	025 2540094	025 2540023
	Mbalizi Road	P.O. Box 282, Mbeya	025 2500890	025 2502547	025 2502413
	Mbarali	P.O. Box 75, Rujewa	025 2590196	025 2590052	025 2590051
	Mbozi	P.O. Box 4, Mbozi	025 2580022	025 2580041	025 2580022
	Mount Loleza	P.O. Box 922, Mbeya	025 2502879	025 2502880	025 2502879
	Mwanjelwa	P.O. Box 1768, Mbeya	025 2502826	025 2502462	025 2500070
	Tukuyu	P.O. Box 180, Tukuyu	025 2552149	025 2552253	025 2552149
	Tunduma	P.O. Box 140, Tunduma	025 2530665	025 2530049	025 2530665
	Usongwe	P.O. Box 4623, Mbeya	025 2560120	025 2560121	025 2560122
IRINGA	Ludewa	P.O. Box 10, Ludewa	026 2790102	026 2790019	026 2790102
	Mafinga	P.O. Box 90, Mafinga	026 2772108	026 2772011	026 2772108
	Makambako	P.O. Box 1030, Makambako	026 2730388	026 2730006	
	Makete	P.O. Box 24, Makete	026 2740027	026 2740028	026 2740101
	Mkwawa	P.O. Box 52, Iringa	026 2702036	026 2702038	026 2702054
	Njombe	P.O. Box 413, Njombe	026 2782785	026 2782778	026 2782785
RUKWA	Kilolo	P.O.Box 2332, Kilolo	026 2968012	026 2968011	
	Mpanda	P.O. Box 55, Mpanda	025 2820315	025 2820034	025 2820315
	Nkasi	P.O. Box 12, Namanyere	025 2830010	025 2830007	025 2830010
MWANZA	Sumbawanga	P.O. Box 37, Sumbawanga	025 2800256	025 2800258	025 2800256
	Lake Zonal Office	P.O. Box 1580, Mwanza	028 2501050	028 2500867	028 2500691
	Geita	P.O. Box 10, Geita	028 2520442	028 2520021	028 2520442
MARWA	Kenyatta Road	P.O. Box 1444, Mwanza	028 2500387	028 2502592	028 2501736
	Magu	P.O. Box 12, Magu	028 2530056	028 2530109	028 2530057
	Misungwi	P.O. Box Private Bag, Misungwi	073 2980826	073 2980826	073 2980747
	Nansio	P.O. Box 61, Nansio	028 2515051	028 2515091	028 2515091
	Ngudu	P.O. Box 68, Ngudu	073 2980919	073 7100202	073 2980919
	Regional Drive	P.O. Box 537, Mwanza	028 2541106	028 2541107	028 2541108
	Sengerema	P.O. Box 96, Sengerema	028 2590075	028 2590248	028 2590025
	PPF Agency	P.O. Box 1444 Mwanza	028 2506029	028 2506030	028 2506033
MARA	Bunda	P.O. Box 53, Bunda	028 2621152	028 2621039	028 2621153
	Mugumu	P.O. Box 4, Mugumu	028 2621444	028 2621444	028 2621410
	Musoma	P.O. Box 561, Musoma	028 2620807	028 2620806	028 2620807
	Tarime	P.O. Box 108, Tarime	028 2690918	028 2690062	028 2690100
	Royra	P.O. Box 53, Shirati	028 2620867	028 2620867	028 2620868
KAGERA	Biharamulo	P.O. Box 27, Biharamulo	028 2225017	028 2225017	028 2225155
	Bukoba	P.O. Box 1552, Bukoba	028 2220176	028 2220154	028 2220417
	Kayunga	P.O. Box 69, Karagwe	028 2227111	028 2227162	028 2227111
	Muleba	P.O. Box 8, Muleba	028 2224170	028 2224012	028 2224020
	Ngara	P.O. Box 92, Ngara	028 2226049	028 2226223	028 2226013
	Chato	P.O.Box 68, Chato	028 2222800	028 2222836	028 2222839
	Misenyi	P.O.Box 56, Misenyi	028 7329834	028 2222323	028 2222331
ARUSHA	Northern Zonal Office	P.O. Box 1256, Arusha	027 2508079	027 2508516	027 2548275
	Clock Tower	P.O. Box 3093, Arusha	027 2502599	027 2508521	027 2545184
	Karatu	P.O. Box 1600, Karatu	027- 2534037	027- 2534030	027 2534024
	Ngarenaro	P.O. Box 15741 Arusha	027 2548457	027 2548854	027 2548573
	Monduli	P.O. Box 20, Monduli	027 2538069	027-2538031	027 2538069
	Loliondo	P.O. Box 60, Loliondo	027 2535207	027 2535070	027 2535207
	Namanga	P.O.Box 8500, Namanga	027 2539503	027 2539505	027 2539504
	Arusha Market	P.O.Box 11168, Arusha	027 2547331	027 2547332	027 2547330
KILIMANJARO	Hai	P.O. Box 129, Hai	027 2756129	027 2756129	027 2750649
	Mwanga	P.O. Box 93, Mwanga	027 2750115	027 2757747	027 2757689
	Nelson Mandela	P.O. Box 1121, Moshi	027 2752421	027 2755199	027 2751546
	Rombo	P.O. Box 25, Mkuu-Rombo	027 2757114	027 2757147	027 2757114
	Same	P.O. Box 74, Same	027 2758138	027 2758136	027 2750002
	Mawenzi	P.O. Box 1825, Moshi	027 2751063	027 2751061	027 2751081
	Tarakea	P.O. Box 11 Tarakea	027 2757566	027 2757566	027 2757826

TANGA	Handeni	P.O. Box 123, Handeni	027 2641761	027 2641740	027 2641761
	Korogwe	P.O. Box 165, Korogwe	027 2650068	027 2646364	027 2650095
	Lushoto	P.O. Box 24, Lushoto	027 2640097	027 2640024	027 2640149
	Madaraka	P.O. Box 1396, Tanga	027 2646452	027 2644371	027 2643793
	Mkwakwani	P.O. Box 5056, Tanga	027 2646484	027 2646485	027 2646483
	Mombo	P.O. Box 140, Mombo	027 2641540	027 2641576	027 2641518
	Muheza	P.O. Box 414, Muheza	027 2641480	027 2641177	027 2641480
	Pangani	P.O. Box 90, Pangani	027 2630055	027 2630307	027 2630092
MTWARA	Kilindi	P.O.Box 46, Kilindi	0788 800404	0788 800405	
	Southern Zonal Office	P.O. Box 625, Mtwara	023 2333329	023 2334020	023 2333667
	Masasi	P.O. Box 105, Masasi	023 2510024	023 2510058	023 2510024
	Mtwara	P.O. Box 508, Mtwara	023 2333951	023 2333946	023 2333983
	Ndanda	P.O. Box 7, Ndanda		0717 407538	
	Nanyumbu	P.O. Private Bag, Nanyumbu		0717 407538	
	Newala	P.O. Box 60, Newala	023 2410561	023 2410261	023 2410221
	Tandahimba	P.O. Box 15, Tandahimba	023 2410090	023 2410089	023 2410091
LINDI	Kilwa	P.O. Box 13, Kilwa-Masoko	023 2013072	023 2013056	023 2013072
	Lindi	P.O. Box 1021, Lindi	023 2202188	023 2202474	023 2202018
	Liwale	P.O. Box 82, Liwale	073 2933304		073 2933123
	Nachingwea	P.O. Box 102, Nachingwea	732 933139	073 2933297	073 2933139
	Ruangwa	P.O.Box 100, Ruangwa	0788 800403	0788 800406	0732 933136
RUVUMA	Litembo	Private Bag, Litembo	073 2950567	073 2950540	0732 950567
	Mbinga	P.O. Box 4, Mbinga	025 2640072	025 2640466	025 2640306
	Songea	P.O. Box 641, Songea	025 2602466	025 2602486	025 2602469
	Tunduru	P.O. Box 24, Tunduru	025 2680067	025 2680086	025 2680186
	Namtumbo	P.O.Box 66 Namtumbo	025 2602848	025 2602890	025 2602858
TABORA	Western Zonal Office	P.O. Box 681, Tabora	026 2606423	026 2606424	026 2606425
	Igunga	P.O. Box 80, Igunga	026 2650054	026 2650027	026 2650024
	Mihayo	P.O. Box 211, Mihayo	026 2604158	026 2604376	026 2604925
	Nzega	P.O. Box 163, Nzega	026 2692340	026 2692322	026 2692340
	Sikonge	P.O. Box 32, Sikonge	073 2988362	073 2988362	073 2988483
	Urambo	P.O. Box 156, Urambo	0732 988256	0732 988336	073 2988256
KIGOMA	Kasulu	P.O. Box 70, Kasulu	028 281 0111	028 281 0026	028 2810345
	Kibondo	P.O. Box 69, Kibondo	028 2820216	028 2820023	028 2820216
	Kigoma	P.O. Box 1067, Kigoma	028 2803328	028 2804705	028 2804586
SHINYANGA	Bariadi	P.O. Box 2, Bariadi	028 2700533	028 2700004	028 2700175
	Kahama	P.O. Box 183, Kahama	028 2710063	028 2710083	028 2710103
	Manonga	P.O. Box 811, Manonga	028 2763629	028 2763439	028 2763441
	Mwadui	P.O. Box 324, Mwadui	028 2763461		028 2763461
	Maswa	P.O. Box 3, Maswa	028 2750372	028 2750321	028 2750372
	Mwanhuzi	P.O. Box 48, Meatu	028 2795081	028 2795080	028 2795292
	Bukombe	P.O.Box 134, Bukombe	028 2520702	028 2520703	028 2520702