

TAARIFA YA MWAKA 2018

Tunazidi Kusonga Mbele

Rahisisha maisha na benki iliyo karibu yako

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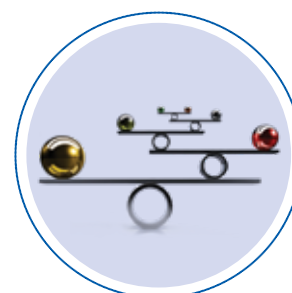


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ANWANI MUHIMU NA MTANDAO

ORODHA YA VIFUPISHO

AGM	Annual General Meeting	LC	Letter of Credit
ALCO	Assets and Liabilities Committee	LDR	Loans to Deposits Ratio
ALM	Assets and Liabilities Management	LGD	Loss Given Default
BARCC	Board Audit, Risk and Compliance Committee	LIBOR	London Interbank Offered Rate
BIA	Basic Indicator Approach	LTFR	Long-term Funding Ratio
BOT	Bank of Tanzania	MSE	Micro and Small Enterprises
CSR	Corporate Social Responsibility	NHIF	National Health Insurance Fund
DSE	Dar es Salaam Stock Exchange	OCI	Other Comprehensive Income
EAD	Exposure at Default	PAT	Profit After Tax
ECL	Expected Credit Losses	PD	Probability of Default
EIB	European Investment Bank	POCI	Purchased or Originated Credit-Impaired
EPS	Earnings per Share	QR	Quick Response
FMO	Financierings-Maatschappij voor Ontwikkelingslanden N.V	SICR	Significant Increase in Credit Risk
FVOCI	Fair Value through Other Comprehensive Income	SME	Small and Medium Enterprises
FVTPL	Fair Value through Profit or Loss	SMR	Statutory Minimum Reserve
IASB	International Accounting Standards Board	SPPI	Solely Payments of Principal and Interest
ICT	Information and Communication Technology	SPV	Special Purpose Vehicles
IESBA	International Ethics Standards Board for Accountants	SWL	Salaried Workers' Loan
IFC	International Finance Corporation	TMRC	Tanzania Mortgage Refinance Company Limited
IFRS	International Financial Reporting Standards	TZS	Tanzanian Shillings
ISA	International Standards on Auditing	UJVC	Upanga Joint Venture Company
		USD	United States Dollars
		USSD	Unstructured Supplementary Service Data

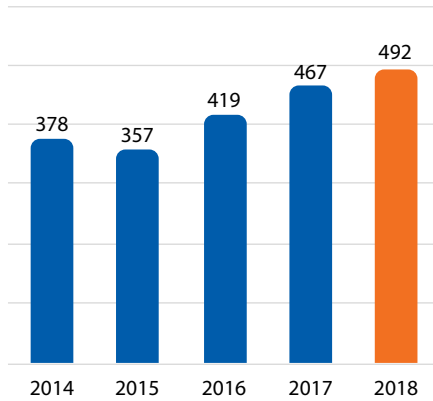


Biashara yetu

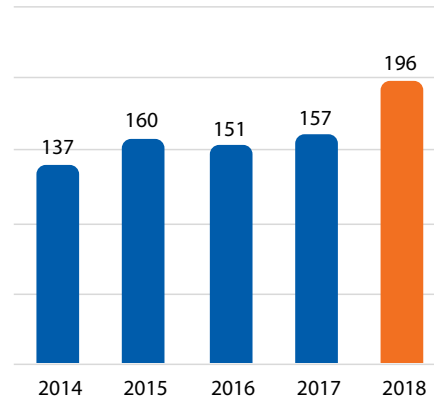
Tuna shauku ya kutumia nguvu, ujuzi na rasilimali zetu zote kutoa huduma bora na endelevu.

MUHTASARI WA TAARIFA YA KIFEDHA 2014 - 2018

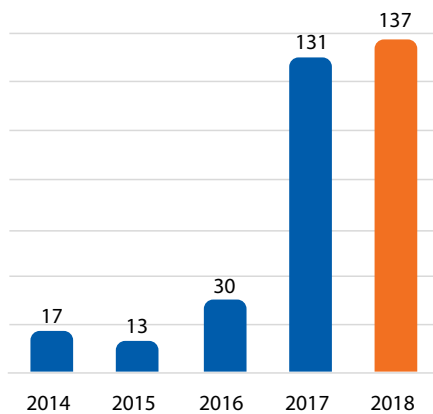
Mapato Halisi ya Riba
Kiasi (TZS Bilioni)



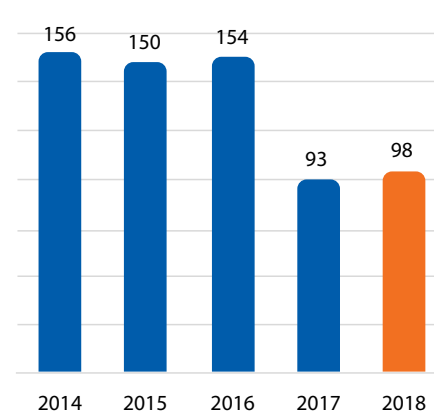
Mapato Yasiyotokana na Riba
Kiasi (TZS Bilioni)



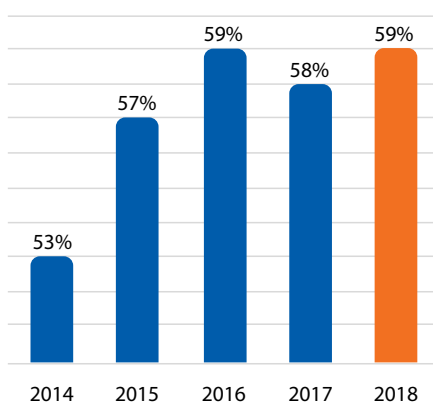
Ongezeko la Tongo katika Mikopo Chechefu
Kiasi (TZS Bilioni)



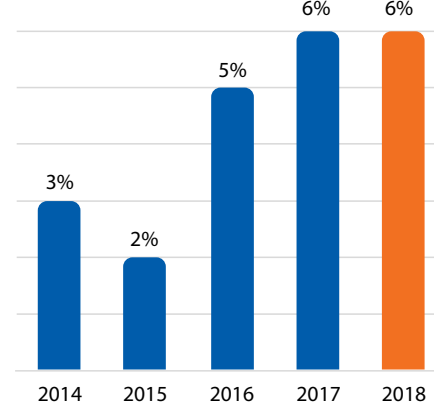
Faida baada ya Kodi
Kiasi (TZS Bilioni)



Uwiano wa Matumizi yasiyo ya Riba na Mapato Ghafi
(%)

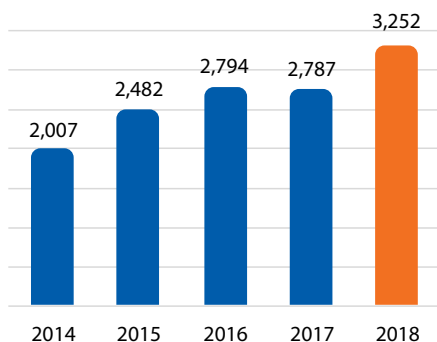


Uwiano wa Mikopo Chechefu na
Jumla ya Mikopo Ghafi
(%)

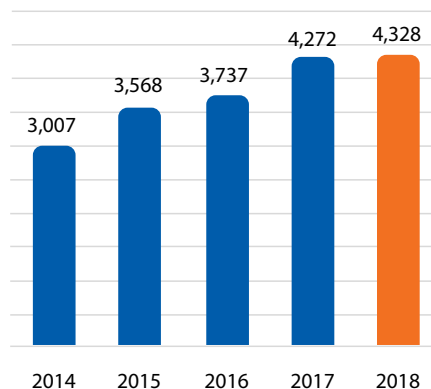


MUHTASARI WA TAARIFA YA KIFEDHA 2014 - 2018

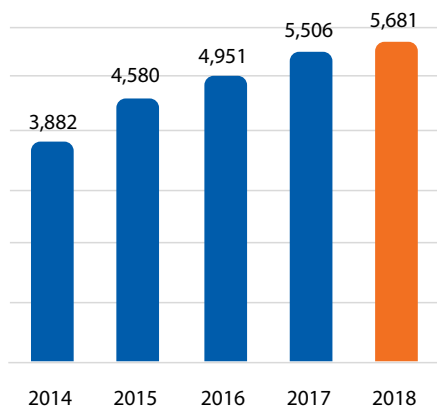
Mikopo kwa Wateja
Kiasi (TZS Bilioni)



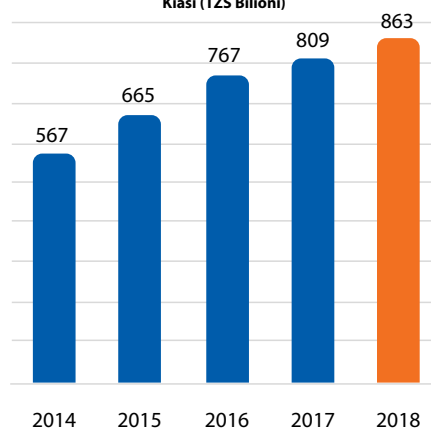
Amana za Wateja
Kiasi (TZS Bilioni)



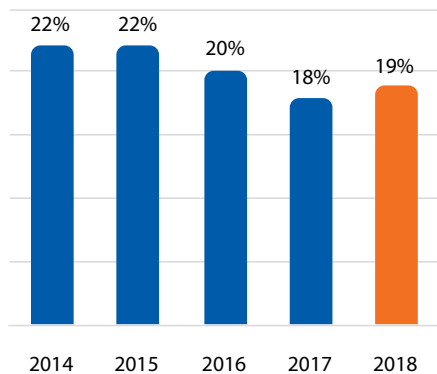
Jumla ya Rasilimali
Kiasi (TZS Bilioni)



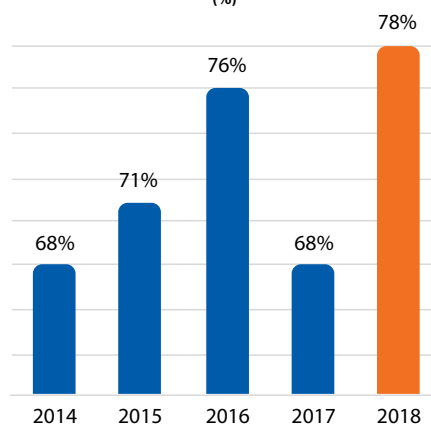
Jumla ya Mtaji wa Wanahisa
Kiasi (TZS Bilioni)



Uwiano wa Utochelevu wa Mtaji wa Jumla
(%)

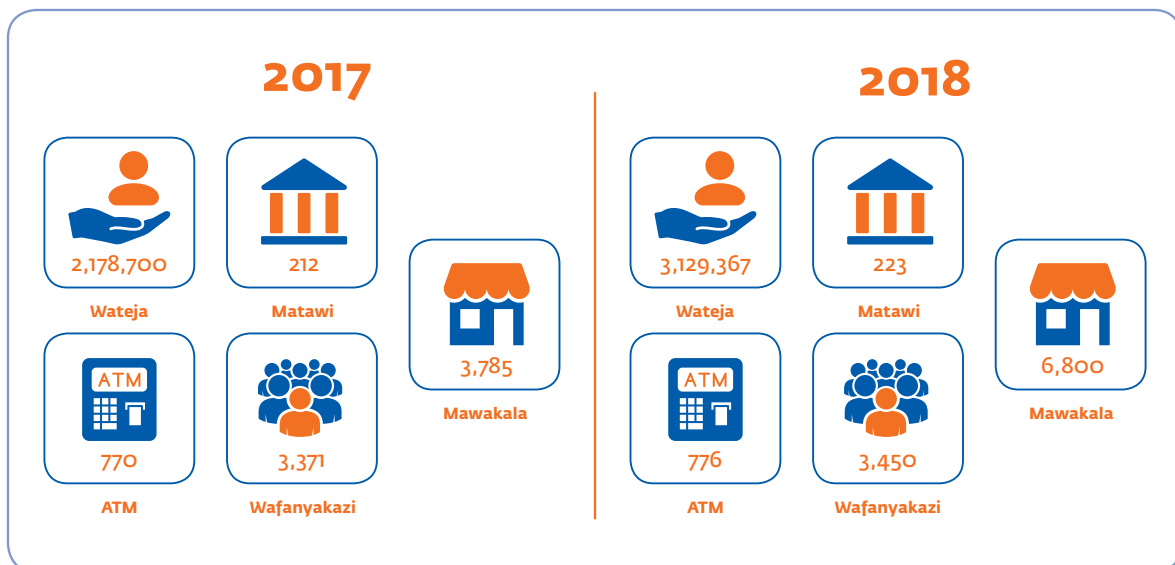


Uwiano wa Mikopo Ghafi na Jumla ya Amana
(%)



MUHTASARI WA TAARIFA YA KIFEDHA 2014 - 2018

		2014	2015	2016	2017	2018
Faida						
Faida baada ya Kodi	Tzs Milioni	155,623	150,288	153,825	93,494	97,663
Utoshelevu wa Mtaji						
Mtaji Mkuu	Tzs Milioni	523,312	592,195	664,960	694,490	711,199
Mali kwa Kiwango Hatarishi	Tzs Milioni	2,459,642	2,932,574	3,519,618	4,114,144	4,321,532
Baadhi ya Viashirio vya Hali ya Kifedha						
		2014	2015	2016	2017	2018
Faida ya Mtaji		27%	23%	20%	12%	11%
Faida ya Mali		4%	4%	3%	2%	2%
Uwiano wa Utoshelevu wa Mtaji						
Uwiano wa Mtaji Mkuu (Tier 1)		21%	20%	19%	17%	17%
Uwiano wa Mtaji Mkuu + Mtaji wa ziada		22%	22%	20%	18%	19%
Gawio Kwa Hisa		104	104	104	64	66
Mapato kwa Hisa		311	300	308	187	195



UFANISI WA HISA

Ufanisi wa hisa Ukokotozi	Ukokotozi		2014	2015	2016	2017	2018
Pato la kila hisa	Faida baada ya kodi/Idadi ya hisa	Tzs	311	300	308	187	195
Gawio kwa kila hisa	Gawio la jumla / Idadi ya hisa	Tzs	104	104	104	64	66
Bei ya kufungia	Viwango vya DSE	Tzs	3,400	2,500	2,750	2,750	2,340
Hisa zilizotolewa		Milioni	500	500	500	500	500
Gawio (Zidisha)	Pato la kila hisa / gawio la kila hisa		2.99	2.89	2.96	2.92	3.05
Thamani halisi ya mali kwa kila hisa	Thamani ya mali / Idadi ya hisa	Tzs	1,134	1,331	1,534	1,618	1,726
Uwiano wa gawio na bei ya hisa za kawaida	Gawio kwa kila hisa / Bei ya mwisho ya hisa DSE	%	3%	4%	4%	2%	3%
Uwiano wa pato la hisa za kawaida	Faida baada ya kodi/Bei ya mwisho ya hisa	%	9%	12%	11%	7%	8%
Uwiano wa bei na thamani ya msingi	Bei ya mwisho ya hisa / Thamani halisi ya mali kwa kila hisa		3.00	1.88	1.79	1.70	1.36
Uwiano wa bei na pato la hisa za kawaida	Bei ya mwisho ya hisa/ Gawio kwa kila hisa		0.09	0.12	0.11	1.07	0.08
Mtaji wa kampuni sokoni	Bei ya mwisho ya hisa zidisha kwa idadi ya hisa zilizolewa	Tzs Milioni	1,700,000	1,250,000	1,375,000	1,375,000	1,170,000
Mali Halisi	Hesabu za fedha zilizokaguliwa	Tzs Milioni	567,221	665,429	767,208	808,769	863,054
Idadi ya hisa zilizouzwa na kununuliwa	DSE	Milioni	12.1	3.9	33.1	0.3	0.1
Ulinganifu wa bei za Hisa	DSE	Tzs	3,955	3,571	2,193	2,341	1,980

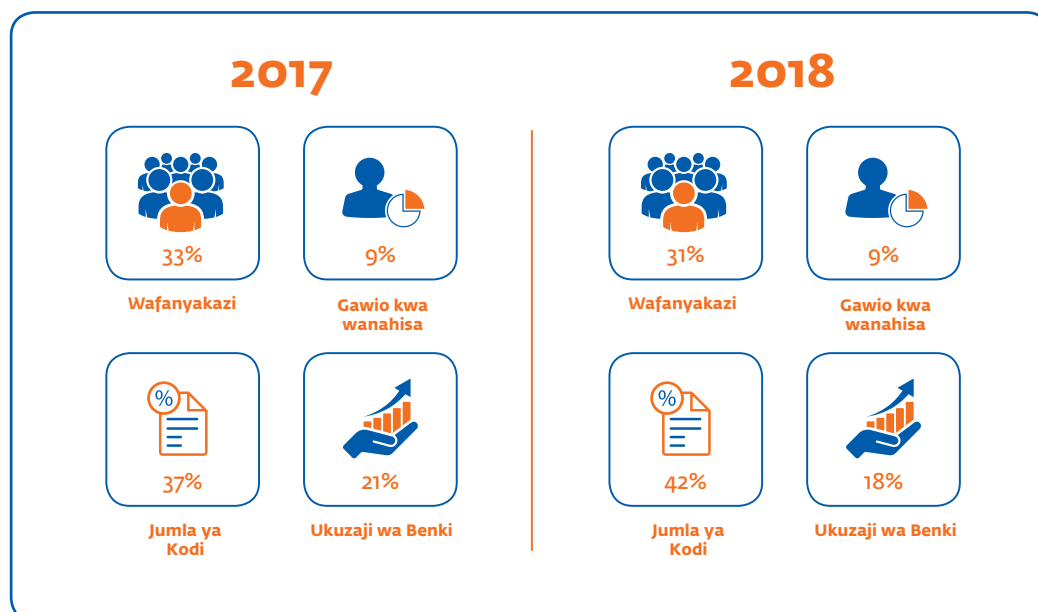
Kifupisho

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

TAARIFA YA ONGEZECO LA THAMANI KWA MWAKA UNAOISHIA DESEMBA 2018

Ongezeko la thamani ni mtaji ambao benki imeweza kuzalisha kwa kuwapatia wateja huduma yenye ubora na iliyoongezwa thamani.

Tzs Milioni	2018	2017
Ongezeko la Thamani		
Mapato yaliyotokana na utoaji wa huduma za kibenki	834,235	763,786
Riba iliyolipwa kwa wakopeshaji	(23,895)	(19,013)
Riba iliyolipwa kwa waweka amana wengine	(85,720)	(101,278)
Gharama za tozo na kamisheni	(36,721)	(19,543)
Tengo la mikopo chechefu	(137,305)	(130,996)
Gharama ya jumla ya utoaji wa huduma za kibenki	(283,641)	(270,830)
Ongezeko la thamani kwenye huduma za kibenki	550,594	492,956
Gharama nyingine za uendeshaji	(150,778)	(143,704)
Ongezeko halisi la thamani kwenye huduma za kibenki	399,816	349,252
Thamani ya fedha iliyotumika		
Kwa wafanyakazi:		
Mishahara na masilahi mengine	124,228	116,299
Kwa wanahisa		
Gawio kwa wanahisa wengine	22,512	21,830
Gawio kwa Serikali	10,488	10,170
Kodi mbalimbali kwa Serikali		
Kodi ya mapato	68,480	61,072
Kodi ya mishahara (PAYE)	35,543	32,517
Tozo ya ujuzi (SDL)	6,378	5,871
Ushuru wa Bidhaa	20,292	15,578
VAT kwenye huduma	36,062	28,183
Kodi nyingine	2,031	1,241
Jumla ya Kodi	168,787	144,462
Kwa ukuaji wa biashara		
Uchakavu, kodi iliyoahirishwa na malimbikizo	73,802	56,491
	399,816	349,252





Tuzo za Mwaka 2018

Kutambulika Kimataifa kwa kushinda Tuzo zifuatazo:



Benki bora zaidi Tanzania

Tuzo za Umahiri za Euromoney



Benki bora ya wateja wadogo na benki bora ya biashara Tanzania

iliyotolewa na Jarida la the Banker East Africa



Tuzo ya mdau bora wa fedha kwa benki zilizopo Afrika zinazofanya kazi na taasisi ya International Finance Corporation (IFC) iliyo chini ya Benki ya Dunia.

Benki ilishinda tuzo za kitaifa :



Tuzo ya Wakala wa Usalama na Afya Pahala Pa Kazi (OSHA) – katika kategoria ya sekta ya kifedha



Tuzo ya taarifa bora za mahesabu ya kampuni iliyotolewa na Bodi ya Wahasibu na Wakaguzi Tanzania (NBAA)

DIRA, DHAMIRA NA MAADILI

Tunazidi Kusonga Mbele

Huduma za kisasa za Kibenki ni kuvumbua na kusambaza mbinu na teknolojia mpya za utoaji huduma ili kutengeneza wigo mpana wa huduma zinazorahisha maisha ya mteja wetu.

Dira Yetu



Kuwa mbia wa huduma za kifedha anayependwa zaidi Tanzania

Dhamira Yetu



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

Maadili Yetu



KINACHOTUSUKUMA

Ari na umiliki

KINACHOTUUNGANISHA

Umoja na kumlenga mteja

MWONGOZO

Uadilifu na Utimilifu

TAARIFA ZA NDANI



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Komwihangiro**



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CRB Africa Legal

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Kahama

Vertex Law Chambers

S.L.P 31985
Dar es Salaam

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Arusha

Mbwilo Advocates

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Law Associates

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Goldmark Attorneys

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K & M Advocates

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Advocates
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Dar es Salaam

**Galati Law Chambers
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Mwanza

**Kasimbazi And Co.
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Iringa

**Derost Attorneys & Law
Counsellors**

S.L.P 1481
Mtwara

**Rweyemamu Advocate
Chambers**

S.L.P 1746,
Bukoba

Brickhouse Law Associates

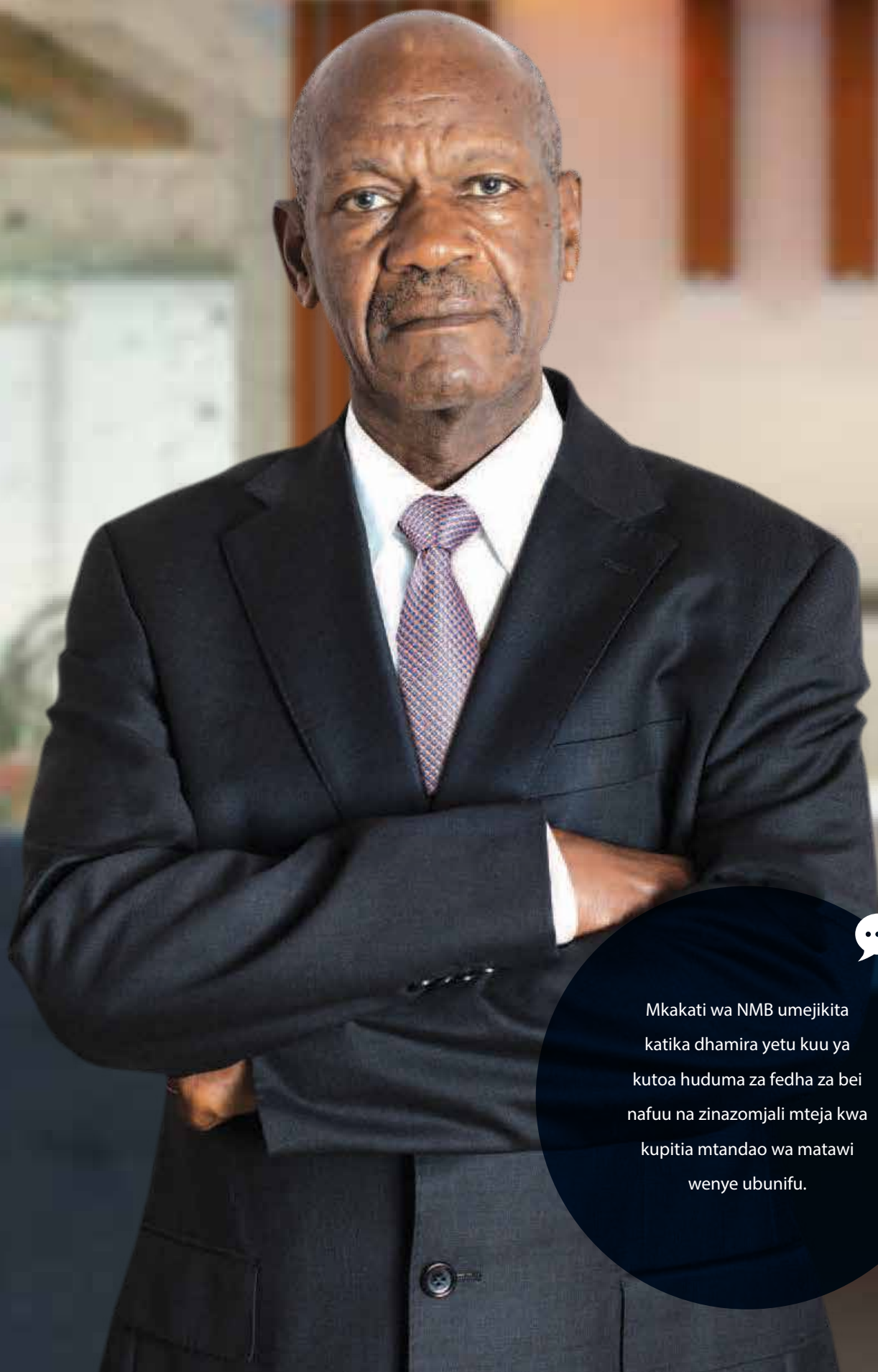
S.L.P 80512
Dar es Salaam



Mikakati na Utendaji

Timu yetu imeendelea kuzingatia mikakati yetu, kuboresha na kutoa huduma kulingana na mahitaji ya wateja na wadau ili kuwa benki iliyo tayari kwa siku zijazo.

PROF. JOSEPH SEMBOJA
Mwenyekiti wa Bodi



Mkakati wa NMB umejikita
katika dhamira yetu kuu ya
kutoa huduma za fedha za bei
nafuu na zinazomjali mteja kwa
kupitia mtandao wa matawi
wenye ubunifu.

TAARIFA YA MWENYEKITI

Ni heshima kubwa kwangu kuwasilisha kwa mara nyingine kwenu ripoti na taarifa ya fedha ya mwaka unaoishia 2018 ya Benki ya NMB PLC (NMB, Benki).

Tukiangalia kwa ujumla, viashirio vinaonyesha kuimarika kwa uchumi wa nchi mwaka 2018 ikilinganishwa na mwaka 2017. Pato la Taifa liliongezeka na kufikia asilimia 6.7 kutoka asilimia 6.2 mwaka 2017 na mfumuko wa bei ulipungua hadi wastani wa asilimia 3.1 kutoka asilimia 4.5 mwaka 2017. Ukwasi pia uliongezeka; benki zilitekeleza mipango mbalimbali ambayo ilisaidia kufidia amana zilizopotea miaka ya nyuma. Shauku ya kufanya biashara nayo iliongezeka na inashuhudiwa kwa ongezeko la mikopo katika sekta binafsi ambayo ilifikia asilimia 4.9 mwaka 2018 ikilinganishwa na asilimia 1.7 katika mwaka uliopita. Aidha, faida katika sekta ya benki iliongezeka na kufikia Shilingi bilioni 273.2 kutoka Shilingi bilioni 208.9 mwaka uliopita.

Hata hivyo, tengo la mikopo chechefe liliendelea kubaki juu ikilinganishwa na vipindi vya nyuma na ilichangiwa zaidi na utekelezaji wa Kanuni za Kimataifa za Utoaji Taarifa za Fedha, 9 (IFRS 9) kuanzia Januari 2018. Mwaka 2018, benki tano zilizokuwa katika hali mbaya zilifungwa na nyingine tatu zilichukuliwa na benki nyingine zilizokuwa na hali nzuri. Ushindani katika sekta umebaki kuwa wa afya kwani benki nyingi zimeendelea kujiimarisha katika digitali.

Kwa kuzingatia mabadiliko katika mazingira ya uendeshaji, nimetiwa moyo na kuboreka kwa matokeo ya kifedha ya Benki. Faida Kabla ya Kodi imekua kwa asilimia 3 hadi kufikia Shilingi bilioni 142 kutoka Shilingi bilioni 138 mwaka 2017. Bei yetu ya hisa imeendelea kubaki kuwa Shilingi 2,340 katika mwaka mzima na hii huenda inatokana na kudorora na kutokuwepo kwa ukwasi katika soko la hisa. Hata hivyo, benki imeendelea kuwa miongoni mwa kampuni zilizo na mtaji bora sokoni.

Katika mwaka 2018 tulifikia mwaka wa tatu kwenye Dira yetu ya 2020 (Vision 2020) na tulifanya tathmini kuhusu mikakati yetu na malengo tuliyojiwekea. Kufuatana na hilo, hatua kadhaa zimechukuliwa kuzipa kipaumbele juhudi za kukusanya amana, ufanisi katika gharama na kuibua vyanzo vipya vya mapato. Pia malengo yalipitiwa na kubadilishwa. Mwaka 2019, tukiwa tunaielekea kufikia mwisho wa Dira ya 2020, tutaanza matayarisho ya mkakati mpya wa muda wa kati na mrefu.

Bodi ya NMB inathibitisha viwango vya juu vya usimamizi na utawala bora ambavyo tunaamini ni msingi kwa ajili ya kutoa thamani endelevu kwa wamilikihisa na mafanikio ya muda mrefu ya Benki. Katika mwaka 2018, Bodi iliendelea na jukumu lake la kusimamia kwa kupitia utekelezaji wa mikakati ya Benki, udhibiti wa ndani, usimamizi wa vihatarishi na usimamizi wa wafanyakazi. Tulifanya kazi kwa karibu na wadau wanaohusika kuhakikisha kwamba viwango vyetu vya utawala wa ndani vinakidhi matarajio ya Benki Kuu ya Tanzania (BoT) na Mamlaka ya Masoko ya Mitaji (CMSA).

Mwaka 2018, Bodi ilipitia mabadiliko kadhaa ikiwemo uteuzi wa wakurugenzi wawili wapya pamoja na kustaafu kwa wengine wawili. Tunaendelea kudhamiria kwamba masilahi ya wanahisa yanalindwa na wakurugenzi wenye ujuzi na uzoefu; mwaka huu tumemkaribisha Bi. Christine Glover na Mhandisi George Mulamula katika Bodi. Wakurugenzi hawa ni wabobezi katika maeneo yao ya kazi. Bi. Glover ni mshauri maarufu wa masuala ya maendeleo ya kifedha wakati Mhandisi Mulamula ni mbobezi katika masuala ya teknolojia akiwa amefungua kituo pekee cha teknohama kinacholea wajasiriamali na wabunifu Tanzania. Pia, tuliwaaga baadhi ya wakurugenzi wetu wa muda mrefu, Bwana Protase Tehingisa na Bwana Albert Jonkergouw ambao wote walimaliza vipindi vyao vya uongozi katika Benki. Bwana Tehingisa na Bwana Jonkergouw waliitumikia Bodi kwa uadilifu, tunawashukuru kwa mchango wao katika shughuli za Benki na tunawatakiwa kila la heri katika maisha yao.

Baada ya kufanya kazi katika Benki kwa zaidi ya miaka 3, Mkurugenzi wetu Mtendaji, Bi. Ineke Bussemaker aliondoka Desemba 2018 kurudi Rabobank, Uholanzi kuchukua majukumu mapya. Katika kipindi ambacho

TAARIFA YA MWENYEKITI

kiligubikwa na tashwishi na mabadiliko ya mazingira ya utendaji, Bi. Bussemaker alihakikisha Benki inakuwa na maendeleo na matokeo endelevu na kubakia kuwa Benki yenye faida zaidi nchini. Mapenzi yake katika maendeleo ya kiteknolojia, yalichangia kuwapo kwa mapinduzi makubwa ya safari ya kidigitali katika Benki. Kwa niaba ya Bodi ya Wakurugenzi, ninapenda kumshukuru kwa dhati Bi. Bussemaker kwa uongozi wake na uwajibikaji katika kuhakikisha kwamba NMB inaendelea kuongoza katika sekta.

Kwa vile mchakato wa kumtafuta mrithi wa Bi. Bussemaker ulikuwa haujakamilika, tulifurahi kwamba Bwana Albert Jonkergouw alikuwa tayari kubeba jukumu la kuwa Kaimu Mkurugenzi Mtendaji. Akiwa ameitumikia Bodi na kufanya kazi kwa karibu na menejimenti ya Benki, Bwana Jonkergouw sio mgeni kwa NMB. Uelewa wake wa biashara hii utatoa mwendelezo wa kibiashara unaotakiwa na kutoa fursa ya mabadiliko mazuri pale Mkurugenzi Mtendaji mpya atakapoteuliwa.

Bodi imependekezwa uendelezaji wa uwiano wa malipo ya gawio wa theluthi moja ya faida baada ya kodi ambayo imekuwa ikitumika katika vipindi vya nyuma; kwa mwaka ulioishia tarehe 31 Desemba 2018 gawio la Shilingi 66 lilalipwa kwa kila hisa, ambayo ni sawa na Shilingi bilioni 33. Gawio la Shilingi 64 kwa kila hisa lililipwa 2017, sawa na Shilingi bilioni 32.

Mbali ya kujiandaa na kitachofwata baada ya Dira ya 2020, katika mwaka 2019 Bodi itasaidia kwa ukaribu utekelezaji wa mipango iliyopangwa ya kukuza mapato na ufanisi katika matumizi. Pia, tunatarajia kukamilisha uboreshaji wa muundo wa uongozi wa makao makuu ambao umechukua muda mrefu kuliko tulivyotarajia; tumejifunza mengi na marekebisha muhimu yatafanyika ili kuhakikisha tunakuwa na muundo na mfumo ambao utasaidia kutimiza matarajio yetu. Tunatarajia kwamba ushindani katika sekta utaongezeka na tunachukua hatua ili kuhakikisha tunaendelea kuongoza. Hii, pamoja na mambo wengine itahusisha kuimarisha mifumo yetu ya udhibiti na utawala.

Ningependa kuwashukuru kwa dhati wanahisa wetu, wateja na washirika kwa msaada wao wa muda mrefu kwa Benki. Pia, ninawashukuru Wakurugenzi wenzangu kwa ushauri wao kwa kipindi chote cha mwaka na kujitoa kwao katika kutekeleza majukumu yao kwenye Bodi na masuala ya Benki. Ni heshima kubwa kuongoza timu kama hii. Mafanikio yaliyotajwa katika ripoti hii yasingeweza kufikiwa kama sio kujitolea kwa wafanyakazi wetu

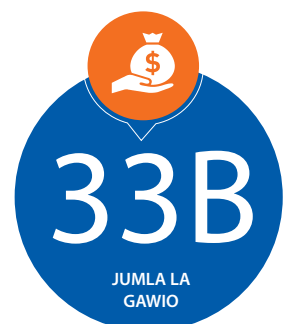
na tunamshukuru kila mmoja aliyepo makao makuu na matawini nchini kote kwa kujitolea na michango yao kwenye ujenzi wa Benki.

Kwa niaba ya Bodi, tunamshukuru Mdhibiti wa Mabenki kwa ushirikiano wa kujenga alioonyesha kwa Benki na kwa uangalizi wake katika sekta. Mwisho lakini sio kwa umuhimu, ningependa kutoa shukurani maalumu kwa Serikali ya Jamhuri ya Muungano wa Tanzania kwa msaada na ushirikiano wake.



Prof. Joseph Semboja

Mwenyekiti



INEKE BUSSEMAKER
Mkurungenzi Mkuu



Ili kutimiza ahadi yetu ya kuwafikia wateja wengi zaidi, tumefungua matawi mapya 11 mwaka 2018. Zaidi ya hayo, mtandao wetu wa mawakala umeendelea kukua hadi kufikia mawakala 6,800 mwaka 2018 kuto mawakala 3,785 mwaka 2017.

TAARIFA YA MKURUGENZI MKUU

Benki ya NMB ilikuwa na utendaji mzuri mwaka 2018 ulioifanya iendelee kuongoza katika sekta ya fedha nchini. Upimaji wa utendaji wetu ni katika matokeo ya kifedha na yale yasiyo ya kifedha kama vile uimarishaji wa huduma kwa wateja wadogo, kampuni na taasisi zenye mtazamo mpya wa huduma binafsi, biashara, kilimo pamoja na biashara za wajasiriamali wadogo na wa kati. Mafanikio ya NMB mwaka huu yanadhihirisha uwezo wa Benki kuzitumia vema fursa zilizopo sokoni dhidi ya washindani wake hasa kipindi hiki ambacho sekta ya fedha inalazimika kutumia kanuni mpya za udhibiti huku kukiwa na ongezeko la ushindani.

Ninapenda kuwashukuru wanahisa wetu, wateja na wadau wengine kwa ushirikiano waliotupa katika jitihada zetu za kutoa huduma zenye viwango vya kimataifa. Tumedhamiria kuendelea kuboresha thamani kwa wanahisa na jamii kwa ujumla na tutaendelea kuhamasisha ubunifu utakaoboresha huduma zetu.

Maendeleo ya Tasnia

Benki Kuu ya Tanzania (BOT) iliendelea kutekeleza sera ya fedha iliyosababisha kuwapo kwa ukwasi wa kutosha kakika sekta ya fedha. Ili kutimiza lengo la kuhakikisha ukuaji wa mikopo inayotolewa kwa sekta binafsi, BOT ilipunguza riba inayotumia kwa mabanki kutoka asilimia 9 hadi asilimia 7. Hatua nyingine ilizochukua ni pamoja na kuhakikisha kuwapo kwa miundombinu ya akiba kwa ajili ya uendeshaji wa mabanki na soko la kubadilisha fedha za kigeni. Siku zijazo, ongezeko la mikopo inayotolewa kwa sekta binafsi litahamasishwa zaidi na sera ya fedha iliyopo, uboreshaji wa mazingira ya biashara na mikakati ya ziada iliyoanzishwa na BOT ili kupunguza mikopo chechefu.

Kulingana na hatua zilizochukuliwa na BOT, ukuaji wa mikopo kwa sekta binafsi iliyotolewa na mabanki katika mwaka ulikua kufikia asilimia 4.9 Desemba 2018 ikilinganishwa na asilimia 1.7 iliyorekodiwa Desemba 2017. Aidha, ndani ya kipindi hicho riba za kukopesha zilishuka kutoka wastani wa asilimia 17.8 hadi asilimia 16.7. Kupungua huko kunadhihirisha jinsi gani kushuka kwa riba za mikopo za mabanki zinachukua muda kuendana na sera ya fedha iliyopo; hii inachangiwa na ugumu uliopo kwenye mfumo wa kisheria katika ukusanyaji wa mikopo pamoja na kanzidata ya vitambulisho vya taifa.

Mwaka 2018 ulikuwa na mafanikio kadhaa katika tasnia ya benki, ambapo usalama, uimara na ongezeko la faida vilionekana mwaka mzima. Uwiano wa mikopo chechefu kwa sekta nzima ulishuka kutoka asilimia 11.9 Desemba 2017 mpaka asilimia 10.4 Desemba 2018. Kupungua huko kulitokana na juhudi endelevu za BOT kuhakikisha uwiano huo unaendelea kushuka mpaka chini ya asilimia 5 inayopendekezwa. Kuhakikisha hili linafanikiwa, BOT inaendelea kutekeleza mikakati ili kuhakikisha kuwa benki zote zinawasilisha taarifa za wakopaji kwenye taasisi zinazotunza taarifa za wakopaji yaani *credit reference bureaus* na vilevilie benki zenye uwiano wa juu wa mikopo chechefu kuwasilisha mipango kazi ya jinsi ya kuishusha.

Pamoja na ufanisi uliodhihirika kwenye utoaji mikopo, sekta ya benki ilikuwa na uwiano mzuri wa mtaji unaopendekezwa na BOT ambao ulikuwa ni wastani wa asilimia 17 Desemba 2018 ukiwa juu ya asilimia 12.5 inayotakiwa na Uwiano wa Ukwasi na Mali (Liquid Asset Ratio) ulikuwa asilimia 33 nao ukiwa juu ikilinganishwa na asilimia 20 inayotakiwa na BOT.

Kwa mujibu wa Kanuni za Kimataifa za Utoaji Taarifa za Fedha 9 (IFRS 9) na miongozo ya BOT, benki zote za biashara zilitakiwa kuanza utekelezaji wa IFSR 9 mwaka 2018. BOT inaendelea kusimamia na kufuatilia utekelezaji wa kanuni hizi na itachukua hatua stahiki kila inapohitajika.

TAARIFA YA MKURUGENZI MKUU

Utendaji wa Benki

NMB imeripoti matokeo mazuri katika mwaka 2018 licha ya mabadiliko kadhaa na ushindani uliojitokeza katika sekta ya mabanki. Mizania ya benki ilikua kwa asilimia 3 na kufika Shilingi bilioni 5,681 Disemba 2018. Kuongezeka kwa mali kulitokana na kuongezeka kwa amana za wateja kwa asilimia 1 kufikia Shilingi bilioni 4,328 mwaka 2018 na ongezeko la asilimia 9 la madeni mengine. Mikopo iliyotolewa kwa wateja iliongezeka kwa asilimia 17 mwaka 2018 na kufika Shilingi bilioni 3,252 mwezi Desemba 2018. Kukua huko kwa mikopo kulitokana na ongezeko la mikopo iliyotolewa kwa wateja binafsi na wajasiliamali wadogo kulikohamasishwa na kushuka kwa riba kwenye soko ndani ya robo tatu za kwanza za mwaka 2018, kulikoiwezesha NMB pia kupata fedha kwa gharama nafuu. Ili kuendana na mienendo katika soko, NMB ilishusha riba za mikopo katika nusu ya kwanza ya mwaka hivyo kuelezea pia sababu ya mapato ya riba kukua kwa asilimia 2 tu ndani ya mwaka huu.



Licha ya kuongezeka kwa mikopo tuliyotoa, uwiano wa mikopo chechefu uliendelea kubaki asilimia 6 kama ilivyokuwa Desemba 2017. Hii inatokana na rasilimali zilizorithiwa mwaka 2017 ambazo zilisababisha ongezeko la asilimia 5 kwenye tengo la mikopo isiyolipika kutoka Shilingi bilioni 131 Desemba 2017 hadi Shilingi bilioni 137 Desemba 2018. Hata hivyo, ukilinganisha na uwiano wa mikopo chechefu kwa sekta nzima ambao ni asilimia 10.4, NMB ilikuwa na ufanisi bora katika kusimamia mikopo iliyotoa kwa wateja wake iliyochangia kupata faida kabla ya kodi ya Shilingi bilioni 142 mwaka 2018 ambayo iliongezeka kwa asilimia 3 ikilinganishwa na mwaka uliopita.

Pamoja na changamoto za ubora wa rasilimali zilizokuwapo, tulichukua hatua kadhaa kuboresha huduma zetu kwa wateja. Matokeo chanya ya hatua hizo za maboresho yanajidhihirisha katika baadhi ya maeneo ya utendaji. Mapato yasiyo ya riba ya benki yetu yaliongezeka kwa asilimia 25 na kufika Shilingi bilioni 196 mwaka 2019. Ukuaji huu umetokana na ada za mikopo na ongezeko la miamala iliyochangiwa na hamasa tuliyojenga ya kutumia njia mbadala za kutoa huduma zetu ikiwamo kupitia mawakala wetu na kadi za benki.

Licha ya kuongeza mapato, tulisimamia gharama za uendeshaji kwa mwaka mzima ambazo ziliongezeka kwa asilimia 15 kutoka Shilingi bilioni 355 za mwaka 2017 mpaka Shilingi bilioni 409 mwaka 2018. Ukuaji huo ulichangiwa na gharama za uchakavu zilizoongezeka kwa asilimia 84 mwaka 2018. Tutaendelea kusimamia gharama zetu na kuzingatia mchakato wenye ufanisi katika utendaji wetu.

Uwiano wa mtaji mkuu (Tier 1 Capital Ratio) ulikuwa asilimia 17 ambao ni juu ya asilimia 12.5 zinazotakiwa na Benki Kuu uwiano wa utoshelevu wa mtaji wa jumla (Total Capital Adequacy Ratio) ulikuwa asilimia 18.5, juu ya asilimia 14.5 inayotakiwa na Benki Kuu. Kwa takwimu hizi, NMB ni benki inayojitosheleza kwa mtaji. Vilevile, mtaji wa wanahisa uliongezeka kutoka Shilingi bilioni 809 mwaka 2017 hadi kufikia Shilingi bilioni 863 mwaka 2018.

Operesheni ya biashara yetu iliendelea kuwa nzuri sambamba na malengo yaliyoainishwa kwenye Dira 2020. Katika kufanikisha ahadi yetu ya kufikia wateja zaidi, katika mwaka 2018 tulifungua matawi mapya 11. Vilevile, mtandao wa mawakala wetu (NMB Wakala) uliongezeka na kufika 6,800 Desemba 2018 kutoka 3,785 waliokuwapo Desemba 2017.

TAARIFA YA MKURUGENZI MKUU

Mwaka 2018, tulijikita kutekeleza mikakati yetu ya kuboresha huduma kwa wateja kwenye matawi yetu yote nchini. Tuliyaifanya haya kupitia mradi wetu wa TWaweza. Vilevile, tulizindua huduma mpya, kwa mfano mkopo wa mshahara kwa watumishi na wafanyakazi na NMB Klik, mfumo wa huduma kupitia simu za mkononi.

Ili kuendana na kanuni za kimataifa za uhasibu, Benki ilianza kutumia kanuni ijulikanayo kama IFSR 9, Januari 2018. Kama ilivyobainishwa kwenye uchanganuzi wa awali, tumefanikiwa kuendana na mabadiliko hayo na tutaendelea kufuatilia athari zozote za mabadiliko.

Tathmini ya Mwaka 2018

Mwaka 2018 ulikuwa wa mageuzi kwa mafanikio ya NMB. Tunapoweka mipango ya mafanikio na tunapouanza mwaka 2019, tutaendelea kutoa huduma bora kwa wadau wetu wote.

Kadri changamoto zinavyoongezeka katika ufanyaji wa biashara, ni matarajio yetu kuwa sekta binafsi itaimarika tukifahamu kuwa serikali inaendelea kuwekeza kwenye miundombinu muhimu inayolenga kufanikisha malengo ya kuipata Tanzania ya viwanda.

NMB imejipanga kubadili maisha ya wateja wake na wananchi wote kwa ujumla kwa kubuni njia nyingi mbadala zinazokidhi mahitaji. Tutaendelea kutoa ushirikiano katika kuchangia kukuza uchumi wa Tanzania. Tunaamini tunao wataalamu wa kutosha, teknolojia inayohitajika na mifumo muhimu kufanikisha ushiriki wetu katika kuujenga uchumi wa Tanzania.

Neno la Shukurani

Baada ya miaka mitatu ya kufanya kazi na Benki hii kwa mafanikio, nimeondoka NMB ili kutekeleza majukumu mapya. Katika miaka hii, NMB imeendelea kuwa Benki yenye mafanikio endelevu nchini Tanzania na imefanikiwa kutumia mifumo ya kidigitali. Benki itaendelea kutekeleza mipango na mikakati yake inayokusudia kuongeza idadi ya wananchi wanaopata huduma za kibenki Tanzania.

Ninaondoka nikiwa na imani kwamba ninaiacha Benki imara na kuna mengi ambayo NMB inaweza kuyafanikisha na sina shaka kabisa kuwa ipo kwa ajili ya kupata mafanikio makubwa. Nikiwa na mtazamo huu kichwani, naamini kasi hii haitakoma hata ikiwa na mkurugenzi mtendaji mpya.

Asanteni sana kwa ukarimu na ushirikiano mlionipa.



Ineke Bussemaker

Mkurugenzi Mkuu

A professional portrait of Ruth Zaipuna, a woman with short dark hair and glasses, smiling. She is wearing a blue blazer and a patterned scarf. Her arms are crossed, and she is wearing a watch on her left wrist. The background is a blurred indoor setting with large windows.

RUTH ZAIPUNA
Ofisa Mkuu wa Fedha



Inatia moyo kuona maboresho katika
mapato na ongezeko la mizania.
Kazi iliyopo ya kuongeza marejesho
na kupunguza matumizi yasiyo ya
lazima itaendelea.

TATHMINI YA OFISA MKUU WA FEDHA

‘Tumeona maboresho katika faida ya benki mwaka huu, lakini bado kuna kazi ya kufanya’

Muhtasari wa hali ya utendaji

Faida ya Benki kabla ya Kodi imeongezeka kwa asilimia 3 hadi kufikia Shilingi bilioni 142 mwaka 2018 kutoka Shilingi bilioni 138 mwaka 2017. Kuongezeka kwa faida katika mwaka 2018, ni matokeo ya kuongezeka kwa mapato halisi ya riba, mapato yasiyotokana na riba (non-funded income), ikiwamo fedha za kigeni na mapato mengine. Hata hivyo, bado tuna kazi ya kufanya kwenye gharama za mikopo isiyolipika na gharama za uendeshaji ili kuimarisha hali yetu ya kifedha.

- Jumla ya mapato ya uendeshaji kabla ya tendo la mikopo chechefe yaliongezeka kwa asilimia 10 na kufikia Shilingi bilioni 688 kutoka Shilingi bilioni 624 mwaka 2017. Ukuaji huo ni matokeo ya ongezeko la mapato ya riba kwa asilimia 5 ikiwa ni faida kutokana na ukuaji mzuri wa mikopo ya rejareja (hata hivyo, yaliathiriwa na kupungua kwa mapato ya riba kutoka katika dhamana za Serikali kutokana na kupungua kwa riba na kiasi) na kupungua kwa gharama ya riba kwa asilimia 9, kutokana na kupunguza amana za gharama kubwa. Aidha, mapato ya jumla ya uendeshaji yameongezeka pia kutokana na ongezeko la ada na kamisheni, ada za fedha za kigeni na mapato mengine.
- Thamani ya mapato ya ada na kamisheni yaliongezeka kwa asilimia 23 ikichangiwa na ongezeko la ada zinazohusiana na mkopo, kutokana na ukuaji mzuri wa mikopo ya rejareja na kuongezeka kwa ada/tozo nyingine na kamisheni kutokana na ongezeko la wingi wa miamala.
- Biashara ya kubadilisha fedha za kigeni na mapato mengine yaliongezeka kutokana na ongezeko la miamala ya fedha za kigeni na kuongezeka kwa ukusanywaji wa madeni sugu kutoka Shilingi bilioni 3.0 mwaka 2017 hadi Shilingi bilioni 6.7 mwaka 2018 au asilimia 126.
- Gharama za mikopo isiyolipika za Shilingi bilioni 137 zilikuwa juu kwa asilimia 5 kutokana na athari za kuingia katika IFRS 9 na kuongezeka kwa mikopo chechefe kutokana na changamoto katika mikopo hususan katika baadhi ya kampuni, Biashara ya kilimo na mikopo ya SME/MSE.
- Gharama za uendeshaji zilikuwa juu kwa asilimia 15 zikichangiwa na uwekezaji katika upanuzi wa mtandao, teknolojia na watu, pamoja na kuongezeka kwa tendo la uchakavu katika kipindi cha mwaka. Menejimenti itaendelea kuchukua hatua za kubana matumizi ambayo itaiwezesha Benki kupunguza gharama na kuendelea kuwekeza katika teknolojia ili kupata tija katika utoaji wake wa huduma kwa wateja.
- Benki ina mtaji wa kutosha huku ikiwa na uwiano wa asilimia 16.5 juu ya asilimia 12.5 inayotakiwa na Benki Kuu. Benki pia ina ukwasi wa kutosha. Mikopo iliyotolewa kwa wateja iliongezeka kwa asilimia 17 na amana za wateja zilipanda kwa asilimia moja ndani ya mwaka huo.
- Athari za kuingia kwenye IFRS 9 mnamo Januari Mosi, 2018 ni ongezeko la tendo la mikopo chechefe ya Shilingi bilioni 15, na kulingana na mwongozo wa Benki Kuu ya Tanzania kuhusu ushughulikiaji wa athari za ziada za kuikubali IFRS 9, makadirio ni kupungua kwa mtaji mkuu wa Benki kwa asilimia 0.3.
- Kutokana na utendaji huu na nafasi nzuri ya mtaji, Bodi imependekeza malipo ya gawio la Shilingi 66 kwa kila hisa, ikiwa ni ongezeko la asilimia 3 ikilinganishwa na Shilingi 64 iliyolipwa mwaka uliopita. Nia ni kuongeza gawio kwa hisa kadri hali ya utendaji wa Benki itakavyoendelea kuimarika.

TATHMINI YA OFISA MKUU WA FEDHA

Muhtasari wa utendaji

	2018 TZS' Milioni	2017 TZS' Milioni	Badiliko TZS' Milioni	Bora/ (Dhaifu) %
Mapato halisi ya riba	492,023	466,701	25,322	5
Mapato halisi yasiyo ya riba	166,282	135,337	30,945	23
Fedha za kigeni na mapato mengine	29,594	21,914	7,680	35
Mapato kabla ya tengo la mikopo chechefu	687,899	623,952	63,947	10
Tengo la mikopo chechefu	(137,305)	(130,996)	(6,309)	(5)
Mapato baada ya tengo la mikopo chechefu	550,594	492,956	57,638	12
Gharama zisizo za riba	(408,953)	(355,053)	(53,900)	(15)
Faida ya uendeshaji	141,641	137,903	3,738	3
Tengo la kodi ya mapato	(43,978)	(44,409)	431	1
Faida halisi baada ya kodi ya mapato	97,663	93,494	4,169	4
Uwiano wa faida na wastani wa fedha za wanahisa (%)	11	12		
Uwiano wa faida na wastani wa mali (%)	2	2		
Uwiano wa matumizi yasiyo ya riba na mapato ghafi (%)	59	58		
Uwiano wa mapato yasiyotokana na riba na mapato ghafi (%)	28	23		
Mapato kwa hisa (TZS)	195	187		
Gawio kwa hisa (TZS)	66	64		
Uwiano wa mtaji mkuu (%)	16.5	16.9		
Uwiano wa mtaji mkuu na mtaji wa ziada (%)	18.5	17.6		

Mapato ya uendeshaji kwa vitengo

Mapato ya uendeshaji kutoka kwa wateja wadogo yaliongezeka kwa asilimia 15 kwa mwaka kutokana na kuongezeka kwa mapato ya riba na mikopo na kuongezeka kwa mapato yasiyo ya riba. Mikopo ya rejareja iliongezeka kwa Shilingi bilioni 430 au asilimia 20 kwa mwaka, na ongezeko kubwa linatokana na mikopo ya SWL/Mikopo binafsi ambayo iliongezeka kwa Shilingi bilioni 338 au asilimia 21.

Mafanikio makubwa katika mikopo midogo yalikuwa kuanzishwa kwa Mkopo wa Mshahara, huduma ya kwanza ya benki ya utoaji wa mikopo kwa simu. Tangu kuanzishwa kwake Mei 2018, wateja 110,000 wamechukua zaidi ya mikopo 650,000 inayofikia Shilingi 75 bilioni. Katika mwaka 2018, benki pia iliongeza uwezo wake kwa mikopo ya nyumba yenye dhamana kwa watu binafsi; ambapo mikopo hiyo ilifunga mwaka ikiwa na Shilingi bilioni 15.3.

TATHMINI YA OFISA MKUU WA FEDHA

	2018 TZS' Milioni	2017 TZS' Milioni	Badiliko TZS' Milioni	Bora/ (Dhaifu) %
Wateja Wadogo	491,272	426,416	64,856	15%
Wateja Wakubwa	67,508	52,964	14,544	27%
Biashara ya Kilimo	14,711	9,578	5,133	54%
Idara ya Hazina	114,408	134,993	(20,586)	(15)
Jumla	687,899	623,952	63,947	10%

Kwa idara ya Wateja Wakubwa mapato halisi yaliongezeka kwa asilimia 27 kwa mwaka. Kuzingatia mikopo yenye ubora na kushuka kwa viwango vya riba katika robo ya pili ya mwaka 2018, kumesababisha kupungua kwa mapato ya riba kwa asilimia 9 katika Idara ya Wateja Wakubwa. Upungufu huu ulipunguzwa na kupungua kwa gharama za riba kwa asilimia 30 na kuongezeka kwa mapato yasiyo ya riba kwa asilimia 10 hasa kutoka katika shughuli za Biashara ya Fedha (Trade Finance).

Kwa idara ya Biashara ya Kilimo mapato ya jumla yaliongezeka kwa asilimia 54 katika mwaka. Kuongezeka kwa mali za Biashara ya kilimo kwa Shilingi bilioni 41 kutoka kwa wakulima wa korosho kulichangia kuongezeka kwa mapato ya riba kwa asilimia 47 na mapato yasiyo ya riba kwa asilimia 41.

Kwa idara ya Hazina mapato ya jumla yalishuka kwa asilimia 15 kwa mwaka, huku mapato ya riba kutoka katika (T-bili) yakipungua kwa Shilingi 28.7 bilioni, yakiathiriwa kwa kiasi kikubwa na kupungua kwa viwango vya riba na kupungua kwa kiasi cha dhamana za Serikali. Mapato ya fedha za kigeni na mapato ya biashara ya dhamana (custody) yaliongezeka kwa asilimia 24 kwa mwaka na kupunguza ushukaji wa kipato cha riba.

Tengo la mikopo isiyolipika

Gharama za mikopo isiyolipika kwa mwaka ya Shilingi bilioni 137.3 iliongezeka kwa asilimia 5 kwa mwaka na kubakia juu ikilinganishwa na mienendo ya kihistoria. Kwa Wateja Wakubwa na Wateja Wadogo, tengo la mikopo isiyolipika lilipungua kwa mwaka wakati gharama za tengo la mikopo ya kilimo ikiongezeka. Pamoja na ongezeko la mikopo isiyolipika, uwiano wetu wa mikopo chechefu ulibaki vilevile, asilimia 6, ikiwa ni moja ya iliyo chini kabisa katika soko la mabenki nchini.

	2018 TZS' Milioni	2017 TZS' Milioni	Badaliko TZS' Milioni	Bora/ (Dhaifu) %
Wateja Wakubwa	57,447	59,520	(2,073)	3
Wateja Wadogo	62,296	66,144	(3,848)	6
- Kitengo cha Wateja Binafsi	24,644	50,699	(26,055)	51
- Kitengo cha Biashara (wajasiriamali wadogo na wa kati)	37,652	15,445	22,207	(144)
Biashara ya Kilimo	15,513	5,332	10,181	(191)
Dhima zisizo dhahiri	2,049	-	2,049	(100)
Jumla ya gharama za mikopo chechefu	137,305	130,996	6,309	(5)

TATHMINI YA OFISA MKUU WA FEDHA

Kuanzishwa kwa IFRS 9 pia kulihitaji Benki kutenga upotevu wa mikopo unaotarajiwa kuanzia Januari Mosi, 2018 wakati mwaka 2017, mfumo wa upotevu wa mikopo uliopita ulitumika. Hii imesababisha kuongezeka kwa gharama za mikopo isiyolipika kwa Shilingi bilioni 15 au asilimia 15.

Benki bado inachukua tahadhari juu ya changamoto mbalimbali zinazoathiri biashara na inaendelea kuchukua tahadhari kwa busara katika maombi mapya ya mikopo wakati hatua za kurejesha mikopo sugu zikiendelea.

Gharama za uendesaji

Gharama za uendesaji zilikuwa kwa asilimia 15 mwaka 2018. Gharama za wafanyakazi zinaendelea kuwa sehemu kubwa ya gharama kwa kuzingatia idadi ya wafanyakazi wanaohitajika kwenye biashara ya wateja wadogo wadogo. Benki imepata zaidi ya Shilingi bilioni 10 katika kudhibiti gharama kupitia hatua zilizochukuliwa. Hii ilichangia kujenga uwezo wa uwekezaji zaidi katika teknolojia, ikilenga kuimarisha miundombinu yetu ya udhibiti na kuboresha ya teknolojia.

Hatua zinaendelea kuchukuliwa kuhakikisha ufanisi wa gharama katika mwaka 2019 unaendelea ili kuhakikisha gharama zinakua sambamba na mfumuko wa bei (kwa sasa uko takriban asilimia 3 tu).

Muhtasari wa Gharama za uendesaji

	2018 TZS' Milioni	2017 TZS' Milioni	Badiliko TZS' Milioni	Bora/ (Dhaifu) %
Mishahara na mafao	166,149	154,686	11,463	(7)
Gharama nyingine za uendesaji	188,871	171,110	17,761	(10)
Uchakavu	53,933	29,257	24,676	(84)
Jumla ya gharama zisizo na riba	408,953	355,053	53,900	(15)
Jumla ya wafanyakazi	3,450	3,371	79	
Uwiano wa matumizi yasiyo ya riba na mali ghafi	59	58		

Mizania na Mtaji

Mikopo halisi kwa wateja iliongezeka kwa asilimia 17 mwaka 2018 na kufikia Shilingi bilioni 3,252 kutokana na ukuaji mkubwa katika bidhaa nyingi zilizojumuishwa. Amana za wateja za Shilingi bilioni 4,328 ziliongezeka kwa asilimia 1 huku Benki ikiendelea kujikitika katika kuongeza ubora na mchanganyiko wa madeni yake. Uwiano wa mikopo ya wateja katika Benki na amana za wateja uliongezeka kufikia asilimia 78 ukilinganishwa na asilimia 68 mwaka 2017.

Uwiano wa Mtaji

Benki ina mtaji wa kutosha huku ikiwa na uwiano wa asilimia 16.5, zaidi ya matakwa ya Mdhibiti ya asilimia 12.5. Mwezi Juni 2018, Benki ilikopa Shilingi bilioni 68 kutoka Shirika la Fedha la Kimataifa (IFC) kwa asilimia 14.18 kuboresha Mtaji wa Jumla wa Benki. Hii iliboresha Uwiano wa Mtaji wa jumla kwa asilimia 0.9.

TATHMINI YA OFISA MKUU WA FEDHA

Mizania kwa ufupi

	2018 TZS' Milioni	2017 TZS' Milioni	Badiliko TZS' Milioni	Bora/ (Dhaifu) %
Fedha na salio katika Benki Kuu ya Tanzania	1,070,422	1,156,322	(85,900)	(7)
Salio katika benki nyingine	174,391	242,731	(68,340)	(28)
Uwekezaji katika amana za Serikali	740,185	919,969	(179,784)	(20)
Mikopo halisi kwa wateja	3,251,794	2,787,048	464,746	17%
Mali nyingine	444,192	400,289	43,903	11%
Jumla ya mali	5,680,984	5,506,359	174,625	3%
Amana za benki nyingine	20,770	149	20,621	13840%
Amana za wateja	4,327,607	4,272,149	55,458	1%
Dhima nyingine	469,553	425,292	44,261	10%
Jumla ya dhima	4,817,930	4,697,590	120,340	3%
Jumla ya fedha za wanahisa	863,054	808,769	54,285	7%
Jumla ya dhima na fedha za wanahisa	5,680,984	5,506,359	174,625	3%
Uwiano wa mikopo ghafi na jumla ya amana (%)	78	68	-	-
Uwiano wa mtaji mkuu (%)	16.5	16.9	-	-
Uwiano wa jumla ya mtaji (%)	18.5	17.5	-	-
Mali kwa kiwango hatarishi	4,321,532	4,114,144	207,388	5%

Muhtasari

Tunapiga hatua katika kuiboresha Benki kuwa na ufanisi mzuri wa kibiashara unaochangia kuboresha utendaji. Ushindani unabakia kuwa mkali lakini hali ya uchumi inaimarika na kutoa mwelekeo mzuri wa udhibiti na umetuwezesha kulipa gawio lililoongezeka kwa wanahisa wetu.

Inatia moyo kuona kwamba kuna uboreshaji wa mapato ya uendeshaji na kuimarika kwa mizania ya Benki. Kazi inayoendelea katika kuongeza ubora wa mikopo, kuzingatia ukusanyaji wa madeni sugu na ufanisi wa gharama itaendelea.

Msisitizo utaendelea kuhakikisha tunatimiza mikakati muhimu ya Benki ya ukuzaji wa amana za wateja, kuongeza mapato na uendeshaji wa ufanisi, kudumisha uhusiano wa karibu na wateja wetu, kuendelea kupunguza gharama za uzalishaji na kuwezesha Benki kupata faida ya uwekezaji katika teknolojia.



Ruth Zaipuna
Afisa Mkuu wa Fedha

TATHMINI YA UTENDAJI KIBIASHARA



1. Idara ya Wateja Wadogo

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

Katika mwaka 2018, mikopo ya wateja wadogo ilikua kwa asilimia 20. Hata hivyo, kushuka kwa riba za mikopo kuliathiri mapato ya riba ambayo yalikuwa kwa asilimia 9. Amana za wateja zilikuwa kwa asilimia 16 kutoka mwaka uliopita kufikia shilingi trilioni 2.9. Katika mwaka, ukuaji wa mikopo umekuwa mkubwa kuliko ongezeko la amana za wateja hivyo lengo letu sasa ni kubadili hali hiyo iwe kinyume chake.

Mikopo ya watu binafsi ilikua kufikia shilingi trilioni 2.5, ongezeko la asilimia 19 kutoka shilingi trilioni 2.1 mwaka uliopita. Mikopo ya wafanyabiashara wadogo na wa Kati (MSME) ilikua kufikia shilingi bilioni 588, ongezeko la asilimia 19 kutoka mwaka uliopita. Ongezeko hili limetokana na ufanisi wa shughuli za mauzo katika matawi na kupunguzwa kwa muda unaotumika kushughulikia mikopo.

Tunaendelea kushuhudia ukuaji mkubwa katika miamala na thamani katika mfumo yetu yote ya kidijitali na ile inayojiendesha yenyewe kama vile benki kwa njia ya mtandao, benki kwa njia ya simu ya mkononi, mtandao wa Wakala na wauzaji. Huduma za kibenki kupitia wakala zilikuwa na ukuaji mzuri kwa mwaka baada ya upanuzi wa mtandao wa Wakala ambao unaongoza sokoni kwa idadi na kukubalika na wateja. Mpaka mwishoni mwa mwaka 2018, idadi ya mawakala iliongezeka hadi 6,800. Benki ina mipango ya kuendelea kupanua mfumo huu kama njia ya kupunguza gharama kwenye miundombinu.

Pamoja na kumalizika kwa ukarabati wa matawi yaliyopo, Benki ilipanua zaidi mtandao wake kwa kuongeza matawi 11 kufikia jumla ya matawi 223. Benki pia iliongeza mtandao wa ATM kufikia 776, kutoka 770 mwaka uliopita.

Mkakati wetu wa dijitali unategemea wateja, ukibainishwa na App yetu mpya iliyozinduliwa hivi karibuni ya KLIK ambayo inawapa wateja udhibiti na uhuru zaidi katika kusimamia akaunti zao za benki kutoka kwenye simu zao za mkononi. Mwaka 2018, kitengo cha huduma kwa wateja kilibadilishwa jina na kuitwa “Kuwaridhisha Wateja” “Customer Experience” lengo likiwa kuondoa dhana ya kukidhi mahitaji ili kuwafanya wateja waendeleo kukumbuka huduma hivyo kujenga uaminifu endelevu.

Mwaka 2019, tunakusudia kukuza zaidi amana za benki. Tutaendelea kuhamasisha matumizi ya huduma zetu za kidijitali hasa ufunguaji wa akaunti na program yetu ya simu za mkononi, KLIK. Kwa kuwa hatifungani yetu ya miaka mitatu inafikia ukomo mwaka 2019, tutaendelea kubuni vyanzo vingine vya kuhamasisha wateja kuweka akiba.



**Mapato ya mwaka
2018 yalifika
TZS bilioni 517.**

TATHMINI YA UTENDAJI KIBIASHARA



2. Idara ya Wateja Wakubwa

Idara ya wateja wakubwa ya Benki ya NMB inajielekeza zaidi kutoa huduma zinazokidhi mahitaji ya kampuni na mashirika makubwa, taasisi na Serikali. Huduma hizi zinajumuisha kubadili fedha, mikopo ya mtaji wa uendeshaji, mikopo yenye dhamana za uwekezaji, kufanikisha miamala, mikopo ya taasisi jumuishi za fedha, mipango ya klabu na, huduma za kukusanya malipo.

Idara inadumisha utaratibu wa kuwachuja na kuwachagua wateja wa kujenga nao ushirikiano wa kudumu kuwezesha kufanikisha mikakati yao ya kukuza biashara. Uhusiano huu unafanikisha huduma jumuishi zinazokidhi mahitaji ya mteja. Vilevile, mtandao wa Benki ya NMB unamuwezesha mteja kupata huduma kutoka kwenye matawi zaidi ya 220 yaliyopo nchini kote ambayo yamewekwa sehemu za kimkakati pamoja na wahudumu wenye weledi unaokubalika sambamba na menejimenti yenye jukumu la kusaidia kukua na kuimarika kwa biashara na miradi ya wateja kwenye sekta za usafiri na usafirishaji, mafuta na gesi, huduma, nishati, mawasiliano na viwanda. Mara kwa mara, idara ya wateja wakubwa hufanya tathmini ya vihatirishi vilivyopo kwenye sekta hizo na mazingira ya ufanyaji biashara kwa ujumla.

Mapato ya Idara ya Wateja Wakubwa yalikua kwa asilimia 27 wakati mikopo ikongezeka kwa asilimia 4. Amana za wateja zilishuka kwa asilimia 15% kutokana na kuanzishwa kwa Akaunti ya Pamoja Hazina (TSA) na matumizi ya mfumo wa GePG unaohitaji pesa zinazokusanywa kutumwa kwenye akaunti za Benki Kuu kila wiki.

Mwaka 2018, idara iliendelea kuimarisha uhusiano wake na kampuni kubwa. Licha ya changamoto zilizojitokeza, mpaka mwishoni mwa mwaka 2018, mikopo iliyotolewa na idara ilikua kwa asilimia 4 na kufika Shilingi bilioni 717 ikilinganishwa na Shilingi bilioni 690 bilioni ya mwaka 2017. Ongezeko kubwa lilishuhudiwa zaidi kwenye sekta ya usafirishaji, madini na huduma. Kwa mwaka mzima, idara ya wateja wakubwa ilijitahidi kupunguza vihatirishi kwa kuwekeza kimkakati hivyo kukuza thamani ya mali. Idara pia ilikabiliana na mazingira ya kushuka kwa thamani ya mali iliyojitokeza mwaka 2018 kwa kushirikiana na kuwaelimisha wateja kuhusu changamoto walizokabiliana nazo na kupendekeza utatuzi stahiki.

Mwaka 2018, ufahamu wa mikopo ya biashara uliongezeka zaidi sokoni kutokana na juhudi kubwa zilizofanywa kuitangaza katika mwaka uliotangulia. Fursa zilizofanywa kuwakutanisha wafanyakazi wa benki na wateja katika matawi yote zilikuwa na manufaa makubwa yaliyojidihirisha kwa ongezeko la maombi ya mikopo ya aina tofauti kama vile Barua ya mkopo wa kuingiza au kusafirisha bidhaa, mkopo baada ya kuingiza bidhaa, udhamini wa benki, ukusanyaji wa nyaraka na mkopo kabla ya kusafirisha bidhaa nje ya nchi.

Sekta zilizochangia ufanisi ni pamoja na bandari, reli hasa mradi wa Reli ya Kisasa (Standard Gauge Railway), dawa na vifaatiba, uzalishaji wa nishati, uingizaji mkubwa wa mafuta, ujenzi wa barabara na kilimo biashara hasa kufanikisha usafirishaji nje wa mazao ya kipaumbele mfano korosho, pamba, mahindi, maharage mekundu na mtama.



Idara ya wateja
wakubwa

+



Huduma za kiwango cha
juu na masuluhisho ya
kifedha

=



Kusaidia ukuaji wa
biashara za wateja

iliripotiwa ukuaji
katika mwaka wa
27% ya mapato
halisi na 4% ya
mikopo na karada



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Pia, Benki iliwekeza kwenye mafunzo katika matawi yote pamoja na matukio ya kimkakati kwa ajili ya wateja yaliyoandaliwa na ofisi za kanda pamoja na semina kwa ajili ya sekta ya umma. Juhudi hizi zilikuwa na matokeo chanya kwenye mapato yasiyo ya riba na mapato ya riba, Biashara za kifedha zilichangia Shilingi bilioni 12, ongezeko la asilimia 69 (likiwa ni ongezeko la Shilingi bilioni 5) kutoka mwaka 2017.

Mwaka uliopita, idara ya wateja wakubwa iliimarisha kuwepo kwake jijini Dodoma pamoja na menejimenti kwenye ofisi za makao makuu mapya ya Serikali ili kurahisisha mawasiliano na wizara pamoja na ofisi za wakala wa Serikali zilizopo jijini humo. Idara pia iliendelea kujenga uhusiano mzuri na kampuni kubwa pamoja na taasisi kwa kufadhili na kushiriki matukio tofauti.

Mwaka 2019, tunakusudia kuongeza amana kwa kuhamasisha wateja wapya binafsi, taasisi na kampuni kubwa huku tukiendelea kuzilinda zilizopo.



TATHMINI YA UTENDAJI KIBIASHARA



3. Idara ya Hazina

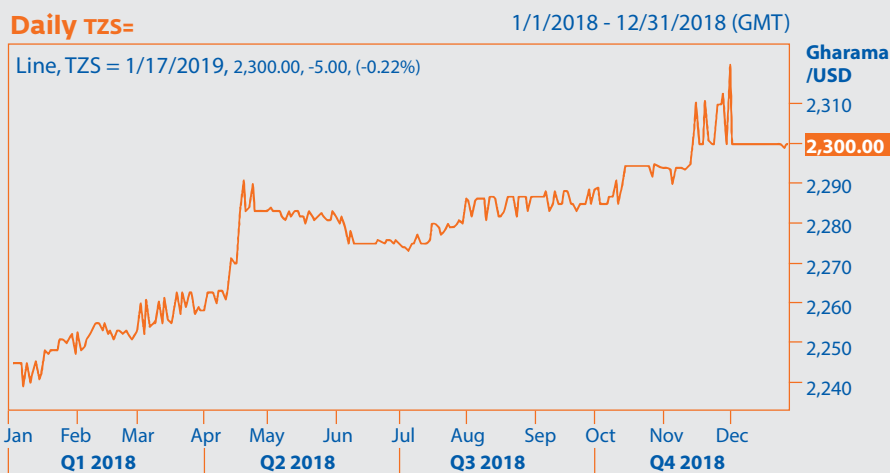
Kwa mwaka 2018, Idara ya Hazina ilishuhudia kupungua kwa mapato ya mwaka hadi mwaka kwa wastani wa asilimia 14.8 kutoka Shilingi bilioni 135 ya mwaka jana hadi Shilingi bilioni 115. Hata hivyo, Mapato ya Fedha za Kigeni (FX) yalifikia Shilingi bilioni 20.9 ambayo yaliongezeka kwa asilimia 23.6 ikilinganishwa na mwaka uliopita na zaidi ikiwa ni kutokana na kuinuka kwa shughuli za masoko hususan ya rejareja, matumizi ya kadi pamoja na kukua kwa sekta muhimu kama utalii na usafirishaji.

Katika kipindi cha mwaka mzima, biashara ya sarafu ilikuwa nzuri licha ya kuathiriwa na kushuka kwa thamani kutokana na kuongezeka kwa uagizaji wa bidhaa muhimu huku kukiwa na kiwango kidogo cha uuzaji nje mazao ya biashara na kushuka kwa shughuli za utalii huku Benki Kuu ya Tanzania (BoT) ikiwa ndio muuzaji mkuu wa fedha za kigeni ukiwa ni utekelezaji wa majukumu yake ya kuhakikisha kunakuwa na ukwasi wa kutosha sokoni. Mapato yanayotokana na hatifungani yalifika Shilingi bilioni 1.

Mapato kutokana na Usimamizi wa Mali na Dhima (ALM) yalikuwa Shilingi bilioni 93.17 yakiwa yamepungua kwa asilimia 20 ikilinganishwa na mwaka uliopita. Kupungua huko kulitokana na viwango vidogo vya riba ikilinganishwa na vilivyokuwapo mwaka 2017 hususan katika uwekezaji katika soko la fedha baina ya benki na dhamana za Serikali. Sambamba na hili, kulikuwa na ghamara kubwa za riba kutokana na ukopaji uliofanywa na benki kati ya Julai hadi katikati ya Novemba 2018 kutokana na upungufu wa ukwasi na gharama za uendeshaaji.

Kwa ujumla, kuongezeka kwa mikopo iliyotolewa na benki zote kwa umma kulisababisha ukwasi mwingi kuelekea sekta binafsi. Vilevile, kuunganishwa kwa mifuko ya hifadhi ya jamii kulibadilisha vipaumbele vyao vya uwekezaji

**GRAFU INAOONYESHA UBADILISHAJI WA USD/TZS
KUANZIA ROBO YA KWANZA MPAKA ROBO YA NNE YA 2018**



Chanzo: Benki kuu ya Tanzania na Reuters

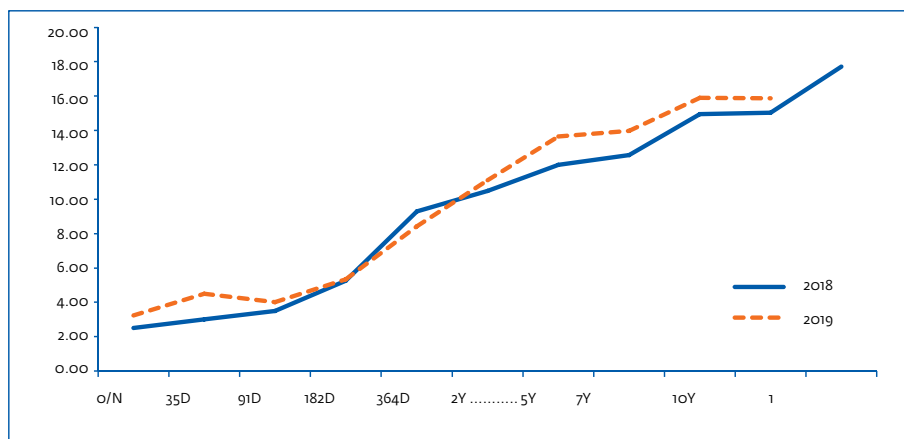
TTATHMINI YA UTENDAJI KIBIASHARA

ikijielekeza zaidi kulipa viinua mgongo vya wastaafu kwanza hivyo kupunguza ushiriki wao kwenye ununuzi wa dhamana za Serikali. Hii ilisababisha kupungua kwa maombi ya kununua hatifungani pamoja na dhamana za Serikali ndani ya mwaka huo hivyo kusababisha kupanda kwa riba. Riba ya kukopa ndani ya saa 24 ilipanda kutoka asilimia 2.91 iliyokuwapo Desemba 2017 hadi asilimia 3.27 Desemba 2018. Kwa wastani, faida ya hatifungani iliongezeka kwa asilimia 20 ingawa riba za muda mrefu zilishuka kwa wastani wa asilimia 90 ndani ya muda huo.

Hata hivyo, ifahamike kuwa, kushuka huku kulitokea katika nusu ya kwanza ya mwaka na mambo yakawa kinyume chake kwenye nusu ya pili ambapo ilishuhudiwa kupanda kwa riba kutokana na kupungua kwa uwekezaji kwenye amana za Serikali.

Huduma hii itakapoanza kutolewa itajumuisha utunzaji wa hisa na amana za Serikali, uuzaji na ununuzi wa hisa, kufanikisha mipango ya kampuni kubwa mfano ukusanyaji wa riba na gawio, utoaji wa ripoti za kielektroniki za uwekezaji wa menejimenti, uwakala pamoja na usimamizi wa ubia kwa kushirikiana na kampuni kubwa za usimamizi (global custodians) duniani. Ikiwa mshauri wa masuala ya fedha, Benki ya NMB inakusudia kutoa ushauri namna ya kukuza na kuwekeza mtaji, kuunganisha kampuni au kampuni moja kuinunua nyingine pamoja na mipango na utafii wa masoko kwa wateja wake wa ndani na nje kwa mujibu wa muongozo wa CMSA na Benki Kuu ya Tanzania.

RIBA YA SHILINGI: DESEMBA 2017 & 2018



Chanzo: Benki Kuu ya Tanzania

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4. Idara ya Biashara ya Kilimo

NMB imejipanga vyema kuzichangamkia na kuzitumia fursa zilizopo kwenye sekta ya biashara ya kilimo nchini kwenye mazao tofauti. Bidhaa zetu zinajumuisha mikopo kuanzia shambani hadi sokoni kwa maana ya mikopo binafsi kwa wakulima, wajasiriamali wadogo, wa kati, wakubwa na ushirika wakiwamo wasambazaji wa pembejeo, wasindikaji wa mazao, wafanyabiashara za mazao na wasafirishaji nje ya nchi. Wadau hawa muhimu wanasaidia kuikuza sekta ndogo ya biashara ya hivyo kuimarisha kipato cha wakulima wa Tanzania. Mikakati yetu inaenda sambamba na juhudi za Serikali kupunguza umasikini na kuimarisha kipato kwa wananchi wengi zaidi ambao zaidi ya asilimia 75 ya Watanzania wote wanajishughulisha kwa namna moja au nyingine na kilimo. Mafanikio ya NMB kuwekeza kwenye sekta hii yamekuwa ni mwendelezo wa uwekezaji katika uelewa na maarifa, ubunifu wa bidhaa na huduma mpya, na ushirikiano na wadau wengine ambapo matokeo yake ni kuwapo kwa bidhaa nyingi zenye mvuto na mguso unaokidhi mahitaji na matakwa ya soko kwenye mnyororo wa thamani wa biashara ya kilimo.

Elimu na taarifa za biashara ya kilimo kwa wadau tofauti wa sekta ya kilimo

Ili kuongeza maarifa na uelewa mpana wa sekta ya kilimo, kitengo cha Utafiti wa Chakula na Kilimo (FAR) kimeanzishwa. Elimu ya sekta ya kilimo, mwenendo wa masoko na mabadiliko ya bei kwa baadhi ya mazao yaliyochaguliwa hutolewa kutoka kwenye idara hiyo kwa wafanyakazi na wateja.

Kujenga Uwezo kwa Vikundi vya Wakulima

Taasisi ya Maendeleo ya Kilimo ya Benki ya NMB inatekeleza wajibu mkubwa katika kuhamasisha na kuwezesha maendeleo ya sekta ya kilimo kukifanya kiwe endelevu kwa kuvijengea uwezo vikundi vya wakulima wadogo kutokana na mafunzo wanayopata.

Huduma zinazotolewa na Idara ya Biashara ya Kilimo ya Benki ya NMB

Benki imetengeneza mfumo tofauti na wa kipekee kwa ajili ya kuwakopesha wajasiriamali wa biashara ya kilimo ndani ya miaka sita iliyopita na kupata uzoefu unaoifanya NMB kuwa shindani zaidi sokoni na yenye utajiri wa maarifa ya kufanikisha utekelezaji wa miradi inahusika kwenye mnyororo wa thamani wa kilimo kuliko washindani wake. Tunatoa mikopo na ushauri pamoja na huduma nyingine kwenye kilimo. Kwa sasa huduma zinazotolewa na Idara ya biashara ya kilimo ya Benki ya NMB zinajumuisha:

- ① Mikopo ya stakabadhi Ghalani
- ② Mikopo kwa wakulima wenye mkataba wanaoshirikiana na kampuni inayolima
- ③ Mtaji/mkopo wa uendeshaji
- ④ Mikopo ya wakulima wadogo, wanaoibukia, kampuni za kilimo na wakulima wakubwa
- ⑤ Mikopo ya mitambo au mashine za kilimo /uwekezaji
- ⑥ Akaunti ya akiba na ya hundi kwa wakulima
- ⑦ Huduma tofauti kwa wajasiriamali waliopo kwenye mnyororo wa thamani

Mafanikio

Mali: Mpaka mwishoni mwa mwaka 2018, thamani ya mikopo iliyotolewa ilikuwa Shilingi bilioni 139 ambazo ni sawa na ongezeko la asilimia 45 ikilinganishwa na kipindi kama hicho mwaka 2017.

Madeni: Madeni ya biashara ya kilimo yalifika Shilingi bilioni 164 ambayo mengi ni kutokana na ushirikiano wetu na wadau wa kimkakati waliopo kwenye mpango jumuishi wa wakulima katika huduma za fedha.

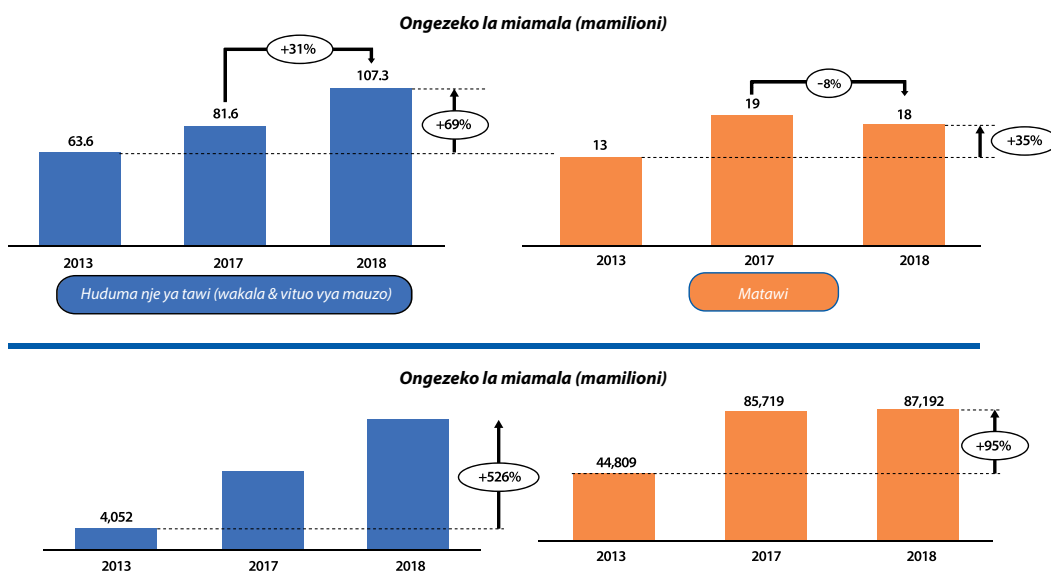
Ukuaji wa mali na madeni ni kulingana na Dira ya NMB ya mwaka 2020.

TATHMINI YA UTENDAJI KIBIASHARA

5. Mabadiliko ya dijitali na bidhaa

Ubunifu, dijiti na njia mbalimbali

Mfumo wetu wa biashara unategema zaidi ubunifu na matumizi ya mifumo ya kielektroni kutoa huduma za hali ya juu kwa wateja. Tumeendelea kushuhudia ongezeko la kiasi na thamani ya miamala kwenye huduma zetu za kielektroni hata zile za kujihudumia kama vile huduma za benki kwa njia ya intaneti, huduma kwa njia ya simu za mkononi, mawakala na vituo vya mauzo.



Miamala inayofanyika kidijiti ni asilimia 86 ya miamala yote iliyofanikishwa na NMB ambayo imeongezeka kwa asilimia 31 ikilinganishwa na mwaka uliopita wakati miamala iliyofanyika matawini ilipungua kwa asilimia 8. Thamani ya miamala iliyofanywa na wateja wenyewe kwenye majukwaa yetu tofauti iliongezeka kwa asilimia 68 mwaka 2018.

Kwenye malipo kwa njia ya simu, miamala iliongezeka kwa 37% na thamani kwa 40% mwaka hadi mwaka

Mkakati wetu wa kutoa huduma kijiti umejielekeza kukidhi matarajio na kutosheleza mahitaji ya mteja na yanadhihirishwa na program yetu ya simu za mkononi ya KLIK iliyozinduliwa katikati ya mwaka 2018 ambayo inawawezesha wateja wetu kujihudumia kwa huduma mbalimbali, kuhamisha fedha, kufungua akaunti, kuomba mkopo wa mshahara, kulipia huduma na bidhaa mtandaoni na mengine mengi yanayomuongozea mteja uhuru wa kuitumia akaunti yake kupitia simu ya mkononi.



Ubunifu wetu hauishii ndani tu, tunawasaidia wateja wetu pia kwa mifumo ya kielektroni kufanikisha uboreshaji wa huduma zao na kurahisisha baadhi ya majukumu yao kama vile kutunza ya fedha tasilimu, ukusanyaji wa mapato na malipo mbalimbali. Wateja hawa, wana akaunti ya makusanyo Benki ya NMB jambo linalotuongozea amana za wateja.



TATHMINI YA UTENDAJI KIBIASHARA

Kumekuwa na ongezeko kubwa la kiasi na thamani ya miamala ya makusanyo lililochangiwa na uamuzi wa Serikali kuanzisha mfumo wa malipo wa kielektroni (GePG). Walipaji waliounganishwa na Benki ya NMB wameongezeka kutoka 302 mwaka 2017 hadi zadi ya 500 mwaka 2018 huku makusanyo yakiongezeka kutoka Shilingi bilioni 720 hadi Shilingi trilioni 1.63 katika kipindi hicho ambayo ni sawa na ongezeko la asilimia 127. Miamala ya kielektroni iliongezeka kwa asilimia 37 huku thamani ikipanda kwa asilimia 40 mwaka 2018.

Kadi na Kituo cha Malipo

Huduma za kidijiti za NMB zinatolewa ukiwa ni mkakati wa kutekeleza malengo ya benki ikiwamo huduma ya kadi. Tunazo kadi za aina tofauti kukidhi mahitaji ya wateja tulionao nchini zinazojumuisha kadi za biashara, kadi za wateja wadogo na kadi za wateja wakubwa kutoa suluhisho la matumizi ya fedha tasilimu.

Kwa mwaka 2018, biashara ya kadi ilivuka malengo tuliyojiwekea kwa Shilingi bilioni 2.2 (asilimia 5) na kuongeza mapato kwa asilimia 17 (Shilingi bilioni 4.9). Wateja wetu wanaotumia kadi wameongezeka kwa asilimia 49 mwaka 2018. Kukidhi mahitaji ya kadi kwa wateja wetu, mwanzoni mwa mwaka 2019 NMB itazindua kadi nyingine na kukubali aina nyingine za biashara mtandaoni na za Union Pay International (UPI).

Mkopo wa Mshahara

Uzinduzi wa mkopo kwa wafanyakazi kupitia simu zao za mkononi ni ubunifu wenye mafanikio makubwa uliowawezesha wateja wetu wadogo kuomba mkopo kwa dhamana ya mishahara yao kwa haraka. Ulizinduliwa Julai 2018 na tayari tumetoa mikopo 551,976 yenye thamani ya Shilingi bilioni 76.

Skani Kulipa

Kwa ushirikiano wa kimkakati na Visa na Mastercard tulianzisha namna rahisi, ya haraka, salama na ya gharama nafuu ya kulipia huduma au bidhaa mbalimbali kwa ajili ya wateja wetu. Ilizinduliwa Agosti 2018 ili kuhamasisha malipo ya kimtandao yasiyotumia fedha tasilimu. Tayari miamala 4,135 imefanyika yene thamani ya Shilingi bilioni 97.

Mkopo kwa Wakala

Kueneza huduma tunazotoa kupitia mawakala wetu zaidi ya 6,000 waliopo nchini kote, tulianzisha utaratibu unaowawezesha kuomba mkopo kupitia simu zao za mkononi. Kwa sasa, mawakala 100 wapo kwenye majaribio ya siku 90.



Programu ya KLIK ya NMB

Programu yetu ya simu za mkononi ndiyo inayoongoza sokoni kutokana na zaidi ya huduma 100 inazotoa kwa wateja. Ilizinduliwa Agosti 2018 na tayari wateja 110,000 wameipakua mpaka sasa huku watumiaji hai wakiwa asilimia 50. Miamala iliyofanyika ina thamani ya zaidi ya Shilingi bilioni 30.

Kufungua Akaunti Chapchap

Tulizindua mfumo wa kufungua akaunti kwa kutumia simu za mkononi. Mfumo huu unaowapa uhuru zaidi wateja ulizinduliwa Agosti 2018 ukilenga kuongeza idadi ya wananchi wanaotumia huduma za benki kwa kurahisisha hatua hiyo ya kwanza ambayo ni muhimu zaidi. Tayari akaunti 89,119 zimefunguliwa na amana za wateja zenye thamani Shilingi 50 milioni zimewekwa mpaka Desemba 2018.

Akaunti ya Muda Maalumu kwenye Simu

Tulizindua akaunti ya muda maalumu kwenye simu za mkononi inayomwezesha mteja kutunza fedha zake na kufurahia riba shindani tunayotoa.

TATHMINI YA UTENDAJI KIBIASHARA

Miundombinu ya Teknolojia na Ulinzi wa Mtandao

Ili kuimarisha huduma zetu za kidijiti, benki iliwekeza katika uanzishaji wa kituo cha daraja la tatu cha kanzidata kilichozinduliwa mwaka 2016. Kituo hicho kinawezesha majukwaa yetu ya huduma, uwakala na matawi yetu kwa asilimia 99.98 kikienda sambamba na mkakati wetu wa kutoa huduma bora kwa wateja wetu kwa saa 24 kwa siku saba za wiki.

Tishio la kuingiliwa kwa mifumo ya taaisi za fedha ndicho kipaumbele chetu cha kwanza wakati wote. Ulinzi wa taarifa za mteja ni jambo la kwanza la kila mteja ili aimini benki yoyote na ni kigezo muhimu cha kufanikisha ubunifu katika uchumi wa kidijiti. Tunao mfumo madhubuti wa ulinzi na usalama wa huduma zetu za kielektroni, unaojitegemea na uliothibitishwa na unaokaguliwa na wakaguzi wa nje wa mifumo kila mwaka ili kuongeza imani ya wateja.



Tuna ulinzi wa kuaminika kwenye sekta ya teknolojia, ulinzi huo unajitegemea na hilo limethibitishwa na wachunguzi wetu. Tunafanya hivi kila mwaka ili wateja wetu waendeleo kutuamini.

TATHMINI YA UTENDAJI KIBIASHARA

6. Idara ya Rasilimali Watu

Mwaka 2018, idara ilichukua hatua kadhaa kwa dhamira ya kuifanya benki iendelee kuwa kinara sokoni. Tulitekeleza programu tofauti zenye lengo la kuhamasisha “Fanya kwa Malengo” na “Fanya ili Ukue” zinazokusudia kuwandaa wafanyakazi kushika nafasi za uongozi. Programu hizi zilijumuisha uzinduzi wa chuo cha uongozi kwa mameneja wa matawi, mafunzo kwa mameneja wapya wa matawi, programu shirikishi kwa mameneja wa kanda, programu ya uongozi kwa wanawake ya GIBB na Benki ya Rabo pamoja na mafunzo kwa vitendo katika Benki ya ZANACO hasa katika utoaji wa mikopo.

Vilevile, Idara ya Rasilimali watu ilitumia mfumo wa masafa marefu kutoa mafunzo ya aina tofauti ambao ulisaidia kuboresha namna ya kujifunza huku ukipunguza gharama kwa benki. Hili limeshuhudiwa kwenye maeneo tofauti kama vile ufundishaji wa kozi mchanganyiko hivyo kupunguza muda au siku za kuhudhuria darasani mfano mbinu za utoaji wa mikopo. Mwaka huo, tulianzisha tathmini kabla ya mafunzo na maandalizi kabla ya mafunzo ili kuwaandaa wafanyakazi kwa ajili ya kozi walizopaswa kuhudhuria pamoja na tathmini baada ya mafunzo kuona mabadiliko baada ya mafunzo yaliyotolewa kwa washiriki waliohusika.

Kuongeza uzalishaji, asilimia 96 ya wafanyakazi wote waliridhia malengo yao ya mwaka ambayo yanaenda sambamba na mkakati wa benki na kuyasaini. Malengo hayo binafsi pia yalizingatia Dira ya Benki ya mwaka 2020 huku uwajibikaji wa kila mmoja ukizingatia sera yetu ya utendaji. Benki ilifanikisha malengo yake ya mwaka kwa asilimia 83 ikimaanisha kwamba ufanisi wa kila mfanyakazi ulikuwa wa kuridhisha kwa asilimia hizo. Mwongozo wa ufanisi wa mtandao wa matawi yetu pia umeandaliwa ili kusimamia utendaji wa wafanyakazi na kukuza mafanikio ya benki.



29%
Wanawake
waliopo
kwenye nafasi
za uongozi



3,450
Jumla ya Idadi
ya wafanyakazi

TATHMINI YA UTENDAJI KIBIASHARA

Ufanisi na maendeleo ya wafanyakazi ulizingatiwa na kutekelezwa ndani ya bajeti. Tulikuwa na jumla ya wafanyakazi 3,450 ikilinganishwa na 3,501 walioridhiwa. Hii iliisaidia benki kuwa na ukuaji na mwendelezo mzuri hata kuwa taasisi iliyotengeneza faida kubwa zaidi nchini.

Tukiwa vinara wa mabadiliko, idara ya rasilimaliwatu ilihakikisha kila tawi linakuwa na idadi ya kutosha ya wafanyakazi kwa kutoa ushauri unaohitajika kwa kuwashirikisha wadau wote huku ikihakikisha morali wa wafanyakazi haushuki.

Kwa mwaka mzima, benki iliendelea kuhamasisha usawa wa kijinsia hasa kwenye nafasi za uongozi. Uwiano wa jumla ulikuwa wanawake asilimia 47.1 na wanaume asilimia 52.9 ikiwa ni ongezeko la asilimia 0.1 la wanawake kwenye robo ya mwisho ya mwaka 2018 ikilinganishwa na kipindi kama hicho mwaka 2017.



TATHMINI YA UTENDAJI KIBIASHARA



7. Idara ya Mikopo

Kama ilivyokuwa mwaka 2017, mwaka 2018 haukuwa mwepesi kwa upande wa mikopo. Hata hivyo, benki ilifanikiwa kupunguza uwiano wa mikopo chechefu (NPL) kutoka asilimia 6.43 mwaka 2017 hadi asilimia 5.88 mwaka 2018; uwiano huu ni chini ya wastani wa tasnia ya kibenki ambayo ilikua juu ya asilimia 10. Wateja waliokabiliwa na changamoto ya marejesho walikuwa katika sekta za biashara, ujenzi na usafirishaji. Pia, baadhi ya wateja waliochukua mikopo midogo na wateja wadogo na wa kati, waliathiriwa na hali hiyo. Pamoja na hatua zilizochukuliwa mwaka 2017, benki imechukua hatua mbalimbali kukabiliana na hali hiyo.

Idara Maalumu ya Usimamizi wa Rasilimali imewezeshwa ili kutoa huduma kwa wateja wanaohitaji usikivu maalumu. Kitengo cha Mikopo kinasimamia vyema Mikopo kwa Wafanyakazi Wanaolipwa Mishahara (SWL) ambayo inachukua sehemu kubwa ya mikopo yote ya benki. Mbali na mikakati hiyo, Idara ya Mikopo inafanya mapitio ya kila mara ya kuboresha Sera ya Mikopo.

Idara ya Mikopo inashikiriana na Idara ya Udhibiti wa Hatari katika masuala ya sera na kudhibiti hatari kama vile, mpango wa mipaka ya ukopesaji na mfumo wa kupima shinikizo chini ya uandalizi wa Bodi.

Mwaka 2019, idara inalenga kuboresha mfumo ili kupunguza muda wa kushughulikia mikopo na mfumo sahihi wa kudhibiti mikopo kuanzia mwanzo hadi mwisho.

Mambo yaliyoanzishwa kwa mafanikio mwaka 2018 ni pamoja na kutoka mikopo ya mishahara (salary advance), mikopo unaopitia kwenye simu ya mkononi bila kumhusisha binadamu kwa wafanyakazi wanaolipwa mishahara ambao waajiri wao wameingia mkataba na NMB. Kwa siku zijazo, idara ya mikopo itaendelea kufuatilia kwa karibu orodha ya mikopo kwa kuhakikisha mchakato wake unakuwa sahihi muda wote sambamba na kuzingatia masharti yote yaliyobainishwa pamoja na sera za ndani.



Mipango
iliyofanikiwa
mwaka 2018



TATHMINI YA UTENDAJI KIBIASHARA

8. Idara ya Ukaguzi wa Ndani



Kazi

Idara ya Ukaguzi wa Ndani (IAF) ina ripoti katika sehemu mbili; kiutendaji, inawajibika kwa Bodi ya Wakurugenzi na kiutawala kwa Mkurugenzi Mtendaji. Inaongozwa na Mkaguzi Mkuu wa Ndani. Idara hii inaisaidia Benki ya NMB Plc kutimiza malengo yake kwa uhuru kwa kuanzisha mifumo thabiti ya kutathmini na kuboresha ufanisi wa udhibiti wa athari, udhibiti wa ndani na uongozi. Idara inatoa uhakikisho na ushauri kwa Bodi na Menejimenti juu ya kazi za ukaguzi na usimamizi wa biashara.

Dhamira ya Ukaguzi wa Ndani

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

Njia za Ukaguzi wa Ndani wa Mwaka 2018

Idara ya Ukaguzi wa Ndani ya NMB inatumia njia ya Utambuzi wa Hatari ambako Mpango wa Ukaguzi wa Mwaka unaendeshwa kwa kuzingatia tathmini makini ya hatari. Mpango wa Ukaguzi wa Mwaka unaandaliwa kwa kuzingatia matokeo ya tathmini ya athari, matarajio ya wadau, mkakati wa kibiashara, hatari zinazoweza kujitokeza na matakwa ya kisheria. Aidha, mpango unaendelea kuhakikisha kwamba athari zinazojitokeza zinazingatiwa na kujumuishwa katika shughuli za ukaguzi.

IAF ilifanya ukaguzi wa mwaka 2018 kwa kuzingatia Mpango wa Ukaguzi wa Mwaka ulioidhinishwa na Bodi ya Wakurugenzi ambao unakwenda sambamba na Mifumo ya Kitaaluma ya Kiutendaji Kimataifa (Viwango) vya Taasisi ya Wakaguzi wa Ndani (IIA). IAF inaripoti kwa Bodi kuhusu maendeleo yaliyofikiwa katika utekelezaji wa mpango wa ukaguzi na masuala muhimu ya ukaguzi kila robo mwaka.

Idara ya Ukaguzi wa Ndani imeendelea kutumia teknolojia na Uchambuzi wa Takwimu katika mchakato wa ukaguzi ili kuendelea kuwa katika mwelekeo sawia na kutoa ushauri kwa Bodi na Menejimenti. Idara imeendelea kufanya kazi kubwa katika kutoa uhakika na kuboresha mazingira ya udhibiti ndani ya benki. IAF ilikamilisha mipango YOTE ya ukaguzi ya mwaka 2018 na kutoa mapendekezo muhimu kwa Menejimenti na Bodi.



Uwajibikaji wa kampuni katika Jamii

...ni kuhusu uhusiano

Utamaduni wa NMB umeundwa na watu wake na uchaguzi wanaoufanya. Msimamo kutoka juu ni zaidi ya huduma za kibenki, daima tunakumbuka kusaidia jamii ili kutuwezesha kuwajibika kwetu wenyewe kwa wadau na kwa jamii kwa ujumla.

UWAJIBIKAJI WA KAMPUNI KATIKA JAMII

Maelezo ya Jumla

Kuwekeza kwenye utamaduni unaothamini uraia mwema kwa kampuni uliendelea kuwa utamaduni wetu mwaka 2018. Katika kipindi hicho, tulipanua misaada yetu inayotolewa na kitengo cha CSR ambacho kinaendelea kuimarika kila siku. Kamati ya CSR mara kwa mara hupitia na kuboresha mipango ya kimakakati kuhakikisha inaendana na mahitaji ya jamii na inakidhi matarajio ya soko linalobadilika kila wakati.

Kitengo cha huduma kwa jamii (CSR) ni sehemu ya utamaduni wa Benki ya NMB. Kinaongoza tabia yetu ya jinsi tunavyofanya biashara na namna tunavyoishi na kusimamia maadili yetu: Kuhudumia Wateja, Uadilifu, Kuzingatia Sheria na Kanuni. Kama kampuni, tumesaidia miradi mingi tofauti kwa muda mrefu katika utoaji wa asilimia moja ya faida yetu baada ya kodi kusaidia jamii. Huwa tunatoa misaada hii kwa kuzingatia malengo ya Benki yaliyobainishwa kwenye Dira ya 2020.

Vipeumbele vya mwaka 2018

Tumeendelea kusaidia jitihada za maendeleo ya jamii nchini na tunajisikia fahari kuhusishwa katika shughuli za kijamii na kiuchumi zinazohudumia jamii pana. Lengo letu ni kuendelea kuisaidia jamii inayotuzunguka na kitaifa kwa mkakati wetu unaolenga mihimili mitatu; Elimu, Afya na Elimu ya Fedha.

ELIMU



Lengo Kuu: Kusaidia kuboresha mazingira ya kusoma na kujifunzia kwa ajili ya wanafunzi na kuwafanya waendeleo kubaki shuleni kwa faida yao ya hapo baadaye. Mafanikio kadhaa yamedhihirika kwenye baadhi ya shule na mahudhurio ya wanafunzi yanaendelea kuimarika.

Matokeo Muhimu Mwaka 2018:

- ① Zaidi ya Shilingi milioni 500 zilitolewa kugharamia zaidi ya madawati 10,000 yaliyotolewa kwa shule 200 za msingi na sekondari nchi nzima.
- ② Kompyuta 150 zilizotumika zilitolewa kwa shule za msingi na sekondari.
- ③ Tulitoa stuli za maabara na mifumo ya nishati kwa shule za sekondari.
- ④ Tuliboresha madarasa yaliyochakaa na kujenga vyumba 92 vya madarasa mapya.

Mwaka 2018, tuliendeleza mkakati wetu wa kusaidia sekta ya elimu na kufanikisha shughuli zote tunazojua zina mchango chanya kwa shule za msingi na sekondari na kuhakikisha ufanisi wa operesheni. Tulisaidia kupunguza uhaba wa madawati uliopo nchini, stuli za maabara na kompyuta kwa ajili ya madarasa ya TEHAMA. Benki pia ilitoa vifaa vya kusomea kwa wanafunzi wasioona ili kuwawezesha kujifunza kwa urahisi na kupata elimu inayostahili.



UWAJIBIKAJI WA KAMPUNI KATIKA JAMII

Benki iliendelea kufanya kazi kwa karibu na Serikali kupitia Ofisi ya Rais – Tawala za Mikoa na Serikali za Mitaa (TAMISEMI) kufanikisha utoaji wa elimu bure kwa kuweka mazingira ya elimu yanayomjali mwanafunzi. Kufanikisha dhamira hii, NMB ilitumia zaidi ya Shilingi milioni 500 kuboresha mazingira ya kujifunzia kwa wanafunzi katika zaidi ya shule 200 kwa kutoa zaidi ya madawati 10,000. Tulifanikiwa kuwafikia zaidi ya wanafunzi 30,000 nchi nzima na kuongeza mahudhurio shuleni hasa shule kama vile Mwasanga, Hekima, Tambaza, Mwenge, Tandika, Msimbazi Mseto, Busumi, Nyasato, Nata, Mugabe, Wino, Mabatini na nyingine nyingi.

Kwa kutambua umuhimu wa TEHAMA kama nyenzo ya kuboresha elimu, kompyuta 150 zilizotumika zilitolewa kuzisaidia shule za msingi na sekondari nchini; bara na visiwani. Mpaka mwishoni mwa mwaka, kompyuta 150 zilikuwa zimetolewa kwa shule za sekondari kama vile Chief Ntinginye, Mwanhuzi, Rwigu, Same, Nyamisa, Nyandoto, Mwamishali, Nanda, Bweranyange, Ihembe, Buhare, Dakama, Mwanzi, Masa na nyingine nyingi nchini kote. Kuongeza thamani ya kompyuta tulizotoa, tulishirikiana na Halotel kuziunganisha kwenye intaneti kwenye shule zote tulikozigawa. Kazi inaendelea pia kuhakikisha shule zisizo na umeme zinapata umemejua ili wanafunzi wanufaike na msaada tuliowapelekea na kufurahia ulimwengu wa kidijiti.



AFYA

Lengo Kuu: Kuhakikisha huduma muhimu na vifaatiba muhimu vinapatikana kwa ajili ya wateja wetu, wadau na jamii inayotuzunguka. Kuhakikisha tunatoa seti kamili ya vitanda vya wagonjwa, vitanda vya kujifungulia na vifaa vya mama na mtoto.

Matokeo Muhimu Mwaka 2018:

Shilingi milioni 300 zilitolewa kununua vifaa tofauti vya hospitali na vitanda vya kujifungulia kwa ajili ya hospitali 60.

Utoaji wa huduma za afya nchini ni jukumu la wadau wote ikiwamo Serikali, Asasi Zisizo za Serikali (AZISE), Serikali za Mitaa na taasisi za umma na binafsi. Huduma bora za afya ni miongoni mwa vipaumbele vya maendeleo ya nchi, Serikali imetenga bajeti kwa ajili ya kukarabati na kujenga vituo vya afya hasa maeneo ya vijijini (ili kutoa huduma bora za afya). Viongozi katika jamii wanapaswa kuhakikisha maeneo yao yana zahanati au vituo vya afya ili kuimarisha huduma za uzazi na kupunguza kutembea umbali mrefu kufuata huduma za afya.

Tukiwa wadau muhimu wa afya, mara zote NMB imekuwa mstari wa mbele kusaidia miradi na shughuli mbalimbali za afya kwa kutoa vitanda na vifaa vya kujifungulia kwenye zahanati na vituo vya afya. Kiasi cha TZS milioni 300 kilitengwa kuisaidia sekta ya afya; hospitali 60 zilifaidika kwa vitanda vya wagonjwa na vitanda vya kujifungulia vyote vikiwa na magodoro yake. Miongoni mwa hospitali zilizonufaika ni: Magomeni, Muhimbili, Benjamini Mkapa, Butimba, Nsola na Ruangwa.

UWAJIBIKAJI WA KAMPUNI KATIKA JAMII

ELIMU YA FEDHA



Lengo Kuu: Kutoa elimu ya masuala ya fedha, ujuzi, tabia na kujenga misingi imara kwa watoto na vijana kwa kuwasaidia kuelewa jinsi ya kumiliki fedha tangu wakiwa na umri mdogo hasa kuelewa umuhimu wa kutunza akiba na kujiamini kila wanapofanya uamuzi kuhusu fedha walizonazo kupitia programu ya Wajibu.

Matokeo Muhimu Mwaka 2018:

Tuliwafikia zaidi ya vijana 41,871 na zaidi ya wawezeshaji 600 ndani ya benki wameridhia kuwa wawezeshaji wa Wajibu.

Kutokana na umuhimu wa elimu ya fedha kwa vijana, Benki ya NMB ilizindua programu maalumu kuwahamasisha kutumia huduma za benki ijulikanayo kama Wajibu. Programu hii ilizinduliwa mwaka 2016 ikiwa na lengo la kutoa huduma zinazopatikana kwa urahisi, zinazokidhi mahitaji na matarajio na za gharama nafuu. Utekelezaji wake unafanyika kupitia vipindi vya Jifunze, Jipange na Wajibika vinavyofundishwa kwa vijana ili kuwajenga na kuimarisha elimu yao ya fedha.

Kupitia majukwaa tofauti, vijana wanajifunza masuala tofauti kuhusu fedha kama vile kupanga, kubajeti na kutofautisha kati ya mahitaji ya lazima na mahitaji muhimu. Programu huwafunza vijana kuhusu namna tofauti za kutunza na kuhifadhi fedha zikiwamo akaunti tatu tofauti za Wajibu zinazotolewa na Benki ya NMB ambazo ni Mtoto Akaunti, Chipukizi Akaunti na Mwanachuo Akaunti. Tangu izinduliwe, programu ya Wajibu imewanufaisha zaidi ya vijana 41,871 nchini. Ndani ya benki, zaidi ya wawezeshaji 600 wameridhia kuwa wawezeshaji wa Wajibu katika shule mbalimbali. Wawezeshaji hao walipewa mafunzo ya msasa ili kuimarisha uwezo wao katika masuala ya fedha.

Programu ya Wajibu inatekelezwa kwa ushirikiano wa NMB na Taasisi ya Benki ya Wanawake Duniani (WWB). Mradi unafadhiliwa na Taasisi ya Kuendeleza Huduma za Fedha Afrika (FSD-Africa). Maendeleo ya vipindi vya Wajibu kwenye shule mbalimbali, mahudhuro ya wanafunzi kwenye vipindi na ushiriki wao vinafuatiliwa kupitia matawi yanayoendesha programu hio.



UWAJIBIKAJI WA KAMPUNI KATIKA JAMII

Mwaka 2018, tumeshuhudia maendeleo kwenye utunzaji wa amana za wateja kupitia programu ya Wajibu na utoaji wa elimu ya fedha ambayo ni matokeo ya utafiti wa FINSCOPE na ushirikiano tulioupata kutoka kwa wabia wetu (World Women's Banking na wafadhili wetu FSD-Africa) pamoja na ushirikiano wa Serikali hivyo kutekeleza mpango mkakati wa mwaka 2020 kufaikisha na kuboresha programu ya Wajibu. Tunafurahi kwa ushirikiano wa kazi tulioujenga na sekta; binafsi na ya umma. Tunaendelea kuwa kinara wa fikra kwa makundi yote mawili katika utoaji wa huduma za fedha nchini Tanzania.

Ukiacha programu za elimu zilizotajwa hapo juu, matukio muhimu yafuatayo yalifanyika chini ya programu ya Wajibu mwaka 2018:

- Maonyesho ya Familia: Benki ilishiriki Maonyesho ya Biashara nchini (Sabasaba) na ilikuwa na sehemu maalumu ilikokuwa inatoa elimu ya fedha kwa wazazi na vijana, na huduma ya kufungua akaunti ya NMB Mtoto account na NMB Chipukizi ilitolewa. Mpaka mwisho wa maonyesho, tulifanikiwa kufungua akaunti mpya 4,203 na kupokea maelekezo maalumu 1,258.
- Klabu za Wajibu Shuleni: Tulishirikiana kwa karibu na klabu za majaribio zilizoanzishwa kwenye shule 20. Klabu hizi zinakusudia kuongeza nguvu katika vipindi vinavyotolewa na programu ya Wajibu ili kuongeza uendeleu na ushiriki wa vijana wanaopaswa kuyaona masomo hayo yanawagusa zaidi katika kuongeza uelewa wao wa masuala ya fedha.
- Mlete Mwanao Kazini: Sambamba na maadhimisho ya Siku ya Mtoto wa Afrika inayosherehekewa kila Juni 16, wafanyakazi wa Benki ya NMB pamoja na watoto wao walipata wasaa wa kupewa elimu ya fedha na fursa ya kufungua bure akaunti ya Wajibu kwenye matawi ya NMB katika siku ya "MLETE MWANAO KAZINI."

Msaada kwa Waathirika wa Majanga ya Asili

Mwaka 2018, Tanzania ilikumbwa na majanga kadhaa ya asili na kuwaacha maelfu wakihitaji msaada wa kibinadamu. Kama ilivyo kawaida, NMB ilitoa mkono wa pole kwa waathirika wa upepo mkali ulioezua mapaa ya Sekondari ya Tandahimba na Kipeta huko Sumbawanga, Shule ya Msingi Nangano wilayani Liwale na moto uliozuka Shule ya Lanzoni huko Tanga. Iitoa msaada pia kwa waathirika wa kuzama kwa kivuko kisiwani Ukerewe. Kupunguza madhara, tulishirikiana na Mfuko wa SUKOS uliotoa elimu kuhusu namna ya kujiandaa na kujiepusha na athari za majanga ya asili. Lengo lilikuwa kuboresha mazingira ya kuishi na maisha kwa ujumla kwa kupunguza madhara kwa watu na mali. Jumla ya Shilingi milioni 90 zilitolewa kwa waathirika wa majanga tofauti.

UWAJIBIKAJI WA KAMPUNI KATIKA JAMII

Ushiriki wa Wafanyakazi

Benki inahamasisha jitihada mbalimbali ili kusaidia kuimarisha ustawu wa jamii kwa kuongeza athari chanyaza kijamii na kiuchumi. NMB inashirikiana na wadau wa ndani na nje kutekeleza shughuli zake za kujitolewa kwa jamii (CSR) kwa mujibu wa viwango vilivyoinishwa kwenye malengo ya NMB CSR.

Wafanyakazi wetu wanapenda kutumia muda wao na kugawana kidogo walichonacho na jamii inayowazunguka na huwa tunahakikisha kila mmoja anapata fursa ya kufanya hivyo. Tunatoa fursa ya kujitolea kupitia program tunayoiita Mpango wa Kujitolea wa Wafanyakazi. Kupitia mpango huu, NMB CSR hutoa michango ya wafanyakazi inayofika Shilingi bilioni moja. Kwa mwaka 2018, tulitoa Shilingi milioni 400 kwenye miradi na matukio ambayo zaidi ya wafanyakazi 3,500 (sawa na asilimia 100) walishiriki.

Kwa kutambua umuhimu wa mrejesho kwa wafanyakazi kutoka kwa jamii zinazonufaika na misaad ainayotolewa kutokana na michango yao ili kujenga, kujitoa kwao mwaka 2018 kuliongezeka. Hii ilijumuisha baadhi ya wafanyakazi kutoa midoli, viatu, nguo na vitabu kwa makundi yasiyojiweza kupitia mpango wa "SANDUKU LA MICHANGO" uliotekelezwa kwenye ofisi zetu.

Tunadhihirisha kujitoa kwetu kwa jamii kwa kushiriki matukio ya aina tofauti kuanzia jamii iliyo jirani na ofisi zetu. Tulishirikiana na Let's Do It - Tanzania kuadhimisha Siku ya Usafi Duniani, zaidi ya wafanyakazi 2,000 walishiriki kufanya usafi sokoni, ufukweni n.k.

Tunajivunia mafanikio tuliyoyapata mpaka hapa tulipo tukijipanga kuendeleza msingi imara tulioujenga kadri Benki yetu inavyoendelea kukua. Kwa taarifa za ziada na habari za NMB CSR, tafadhali tembelea tovuti yetu: www.nmbbank.co.tz na ubofye kipengele cha CSR.





Utawala Bora

..njia yetu!

Ikiwa ni taasisi inayoongoza katika sekta ya fedha yenye lengo la kusaidia wadau wake kupitia biashara na yenye mafanikio inayoleta mapato endelevu

TAARIFA YA UDHIBITI WA HATARI

NMB inaongozwa na maadili na dhamira yake ya kutaka kuwa chaguo la kwanza la mtoa huduma za fedha Tanzania kwa watu wanaoishi mjini na vijijini. Hivyo, mkakati madhubuti wa kusimamia lengo hili na kuhakikisha linafanikiwa kwa ufasaha unahitajika. Mkakati wa NMB wa kukabiliana na majanga umeelekezwa katika maeneo matatu ya kipaumbele ambayo ni:

- ❶ Kulinda hadhi na utambulisho wake katika jamii
- ❷ Kuhakikisha faida inaongezeka kila mwaka
- ❸ Kuwa na uwiano madhubuti wa mizania

NMB inatumia mfumo wa kitaasisi wa kudhibiti hatari inayoweza kujitokeza (ERM) kuisaidia kufanikisha malengo iliyojiwekea huku ikihakikisha hatari ya aina yoyote ipo kwenye viwango vinavyovumilika kama vilivyoainishwa kwenye waraka wa mipaka ya utokeaji wa Hatari. Mfumo wetu wa kitaasisi wa kudhibiti hatari (ERM) unasimamiwa na bodi ya wakurugenzi pamoja na menejimenti kwa dhamira ya kupunguza uwezekano wa kutokea kwa hatari zinazoweza kuingilia na kuathiri utendaji wa kila siku. Hivyo basi, viwango mahususi vimewekwa kwenye mfumo huo ili kuongoza utendaji wa kila siku wa Benki.

Waraka wa mipaka ya utokeaji wa hatari wa NMB unaenda bega kwa bega na mchakato wa bajeti ambayo utekelezaaji wake unaongozwa na Mkakati wa Muda wa Kati wa Benki. Waraka huu hutoa kinga ya kuhakikisha shughuli zote za wafanyakazi zinatekelezwa kama sehemu ya majukumu yao na kutozidi viwango vya hatari vinavyoweza kuisababishia Benki hasara. Waraka huu hutoa mwongozo wa kuepuka hasara inayoweza kujitokeza na si udhibiti kamili kwa shughuli zinazofanywa na wafanyakazi kufanikisha malengo ya Benki.

Ofisa Mkuu wa Udhibiti Hatari na Utekelezaji (CRCO) wa NMB ana jukumu la kuhakikisha mfumo wetu wa kitaasisi wa kudhibiti hatari unasimamiwa na kutekelezwa. Hufanya hivi kwa niaba ya menejimenti na bodi ya wakurugenzi. Ufuatao ni utaratibu unaozingatiwa na kufuatwa na wafanyakazi wote wa Benki ya NMB tangu mwaka 2018.

Aina za Hatari za Benki

Benki ya NMB hutambua kitu chochote kinachoweza kuathiri utendaji wake kutokana na shughuli za msingi zinazopaswa kutekelezwa kama hatari. Shughuli hizi zinaweza kuwa za ndani au nje, za sasa au baadaye. Dhana nzima ya hatari inaanzia kwenye uwezekano wa kutokea kwa kihatarishi na kuathiri mtokeo yaliyotarajiwa, mtaji au thamani ya Benki. Aina kuu za hatari au vihatarishi vya NMB ni vile vilivyoainishwa kwenye mwongozo wa Benki Kuu ya Tanzania wa mwaka 2010 ambavyo hujumuisha hatari za operesheni, mikopo, ukwasi, masoko, utekelezaji na mikakati kama aina kuu. Jedwali lifuatalo linaainisha aina za majanga na namna ya kukabiliana nayo.

TAARIFA YA UDHIBITI WA HATARI

Aina ya Hatari / Kihatarishi	Maelezo ya Hatari/Kihatarishi	Hatua za kukabili hatari inayohusika
Hatari ya Mkopo Hii ni hatari ya uwezekano wa mteja kushindwa kurejesha mkopo aliochukua kulingana na mkataba uliopo kati yake na NMB na uwezekano wa dhamana aliyoiweka kushindwa kufidia deni lake. Hatari ya Mkopo pia huhusisha ulipaji na uombaji.	<p>NMB ilikabiliwa na athari za hatari ya mkopo mwaka 2018. NMB ina uwiano mzuri wa mikopo inayotoa mbao una vihatarishi vichache vilivyo chini ya wastani wa tasnia nzima. Mikopo kwa wateja hujumuisha wafanyakazi wenye mshahara pamoja na kampuni kubwa, za kati na ndogo zisizo na dalili ya kufilisika.</p> <p>Historia inaonyesha uwiano wa mikopo chechefe ya Benki ya NMB ni chini ya wastani wa tasnia ya benki Tanzania. Changamoto zilizojitokeza mwaka 2018 zilisababishwa na wateja wakubwa wachache kushindwa kufanya marejesho yao kulingana na mikataba waliyosaini.</p> <p>Mwaka 2018 kulikuwa na tango kubwa la mikopo chechefe, kwa kiasi kikubwa, ikiwa ni kukidhi matakwa ya kanuni mpya za uwasilishaji wa hesabu za fedha (IFRS 9) ambazo kwa mara ya kwanza zinazitaka benki kutenga hata kwa mikopo inayoendelea kulipwa tofauti na zamani tango lililopokuwa linawekwa kwenye mikopo isiyolipika pekee.</p>	<p>Ukopeshaji makini ni jukumu la benki yoyote yenye malengo. Hii inamaanisha kumzingatia kila mteja na uwezo wake wa kulipa deni lake kwa muda mrefu bila kukwama.</p> <p>Kwa miaka ya hivi karibuni, NMB imebuni na kuanzisha mifumo makini zaidi ya ukopesha ikiwamo kufanya tathmini ya mteja kwa njia ya kielektroni na kuweka kituo kikuu cha ukopeshaji. Urejeshaji umeimarika. Kupitia kitengo chake maalumu cha mali, NMB inashirikiana kwa karibu na wateja wake wanaokabiliwa na changamoto za kiuchumi kwa kuzingatia mwongozo wa ndani wa Benki na kanuni zilizopo za serikali.</p> <p>Usimamizi wa mikopo na shughuli zote shirikishi zimeimarishwa miaka ya hivi karibuni. Waraka wa mipaka ya ukopeshaji na mwongozo wa ukopeshaji wenye hatua tofauti za uthibitishaji kwa mikopo yenye ukubwa na mnyumbuliko tofauti huongoza utoaji mikopo wa Benki.</p> <p>Ngazi ya mwisho kabisa ya uidhinishaji wa mikopo ni kamati ya mikopo ya bodi ya wakurugenzi na kamati nyingine zilizopo zinazopitia na kuidhinisha mikopo midogo. Matawi yameruhusiwa kutoa mikopo mpaka ukomo fulani.</p>
Hatari ya Uendeshaji Vihatarishi vinaweza kusababisha hasara kutokana na makosa ya kibinadamu, kutozingatiwa na kufuatwa ifutavyo kwa hatua za ndani, hitilafu za mifumo au matukio ya nje. Vihatarishi vya kiutendaji vinajumuisha pia masuala ya kisheria na taarifa (kwa maana hasara inayotokana na kutolinda taarifa kwa kutotunza siri, kukosa uhakika au kumruhusu asiuruhusiwa kupata taarifa zisizo muhusu).	<p>Udhhibiti wa hatari za kiutendaji ndani ya NMB upo vizuri. Hatari hizi hutokea kwenye biashara za aina zote. Ni ngumu na haiwezekani kuondoa vihatarishi vyote. Malengo ya NMB ni kupunguza uwezekano wa hatari hizi kutokea kwenye uendeshaji wake kwa kuweka mikakati madhubuti, kufanya tathmini za mara kwa mara za hatari na masoko. Hasara ndogo ndogo haziepukiki kwenye utendaji wa kila siku. Benki inachukua tahadhari muhimu kuhakikisha hasara kubwa hazitokei na kufanya kila iwezalo kuwaepusha wateja wake na athari zinazoweza kuwagusa kwa namna moja au nyingine.</p> <p>Inapotokea tukio la hatari katika utendaji limetokea, NMB mara zote huhakikisha imekata bima itakayoipunguza kwa kiasi fulani. Kutokana na maendeleo ya teknolojia duaniani yaliyochangia huduma nyingi kutolewa kidijiti, NMB inachukua hatua za makusudi kukabiliana na uvamizi wa mtandaoni. Ili kupunguza hatari katika masuala ya TEHAMA, wafanyakazi wa NMB wamejiandaa wakati wote. Uhamasishaji wa kuelimisha hufanyika kwa wafanyakazi na wateja. Uimarishaji wa TEHAMA hufanyika mara kwa mara na menejimenti huhakikisha suala hilo linatekelezwa kwa ufasaha. Sera na hatua za ulinzi wa kimtandao huhuishwa kila inapobidi kadri mazingira yanavyobadilika.</p>	<p>NMB inao mfumo wa kitaasisi wa kukabiliana na hatari zikiwamo za kiutendaji. Benki ina mfumo wa ndani wa kukabiliana na hatari katika utendaji na huchukua hatua stahiki kuzuia aina yoyote ya hasara inayoweza kujitokeza. Hatua kadhaa zimewekwa ili kila mfanyakazi azizingatie ikiwa ni sehemu ya mfumo huo ikiwamo kujitathmini mwenyewe, kujipima kama umefuata utaratibu uliopo na kujiridhisha kama upo ndani ya mstari unaotakiwa. Mbinu za kupunguza uwezekano wa kutokea kwa hatari hizi hujadiliwa na kamati ya kudhibiti hatari kila mwezi ambayo huongozwa na ofisa mkuu wa udhibiti wa hatari na ithibati (compliance). Benki pia inao utaratibu endelevu wa kuhakiki hatua za utendaji ambao unafanya kazi sambamba na mabadiliko yoyote makubwa ya kiutendaji au ubunifu wa huduma mpya.</p> <p>Kupitia Mpango wa Muendeleo wa Biashara, Benki imejipanga wakati wote kupunguza madhara yanayoweza kujitokeza haraka iwezekanavyo.</p> <p>NMB pia inazo kanuni za ndani zinazoainisha namna ya kulinda taarifa. Kwa kuzingatia viwango vya kimataifa na tathmini ya ndani tunafafanua ulinzi wa kutosha kwa taarifa mbalimbali muhimu.</p> <p>Kupunguza makosa yanayotokana na uzembe wa wafanyakazi, Benki hutoa nafasi za mafunzo kwa watumishi muhimu huku ikiendelea kuwashikilia watu wenye vipaji vya ziada. Menejimenti, kupitia idara ya rasilimali watu, inayo mikakati mingi tofauti kufanikisha hili.</p> <p>Benki vilevile inao mfumo thabiti wa kudhibiti udanganyifu wowote unaoweza kufanywa ama kutoka ndani au nje.</p>

TAARIFA YA UDHIBITI WA HATARI

<p>Hatari ya Utekelezaji</p> <p>Hatari ya utekelezaji ni hatari ya uwezekano wa kukosa mapato, kupoteza mtaji au kushusha hadhi ya kampuni kutokana na uvunjifu wa sheria, kanuni, makubaliano na mikataba, utaratibu ulioainishwa au maadili pamoja na tafsiri isiyo sahihi ya sheria na kanuni zinazohusika.</p> <p>Taasisi nyingi hujikuta kwenye hatari kutokana na wingi wa wadau zinaoshirikiana nao kama vile mamlaka za usimamizi, wateja, wabia, mamlaka za Serikali za Mitaa na mamlaka nyinginezo.</p>	<p>Ikiwa Benki inayoongoza Tanzania, NMB haiwezi kuruhusu hatari za kiikibali zitokee. Kwa mujibu wa waraka wa mipaka ya utokeaji ya hatari, ni lazima, wakati wote, NMB izingatie sheria za Jamuhuri y Muungano wa Tanzania pamoja na kanuni za Benki Kuu. Pindi itakapohitajika, NMB inatimiza masharti yoyote yatakayokuwapo nje ya mipaka. Uamuzi wowote unaofanywa na menejimenti ni lazima uzingatie miiko ya Benki ya NMB.</p> <p>Miongoni mwa uzingativu wa sheria na kanuni uliofanywa mwaka 2018 ni mafanikio ya kuitumia kanuni ya Volcker (Volcker Rule). NMB ilifanikiwa kukidhi vigezo na kupata hadhi ya kanuni hii hivyo kujifanyia majaribio binafsi.</p> <p>NMB pia inafuata vibali vya kimataifa vinavyotolewa na FATCA, ilianzisha mchakato wa kuzingatia kanuni za ulinzi wa takwimu za Jumuiya ya Ulaya (GDPR).</p>	<p>Hatari ya ikibali hudhibitiwa kwa kufuata mwongozo na hatua wa udhibiti wa majanga kama vile mwongozo za kuidhinisha huduma au bidhaa mpya (NPAP) ambao ni sehemu ya utaratibu wa kumjua mteja (KYC & CDD).</p> <p>Masuala yote yanayohusu ikibali huelekezwa kwenye kamati ya kudhibiti hatari na kushughulikiwa kwa kiasi kikubwa. NMB inayo idara ya ikibali inayoongozwa na mkuu wa ikibali anayeripoti kwa ofisa mkuu wa udhibiti hatari na ikibali. Mkuu wa ikibali ni ofisa wa Benki anayeshughulikia masuala ya utakatishaji wa fedha.</p> <p>Benki inao mfumo thabiti wa kubaini na kudhibiti miamala yenye mashaka na kuwabaini watu au taasisi iliyohusika ili kuchukua hatua stahiki kulingana na ukubwa wa tatizo.</p>
<p>Hatari ya Soko</p> <p>Hatari ya soko ni uwezekano wa kupungua kwa mali za kampuni kutokana na mabadiliko ya mwenendo wa soko kama vile kubadilika kwa riba, viwango vya kubadilisha fedha za kigeni na gharama za mikopo inayotolewa na taasisi nyingine za fedha. Hatari hizi huweza kutokea kwenye biashara inayofanywa na Benki au mali za kifedha zinazomilikiwa na Benki kama vile dhamana zinazotolewa na taasisi tofauti.</p>	<p>Hatari hizi zipo kwa kiasi cha chini sana katika Benki ya NMB ingawa yaliongezeka kidogo mwaka 2018 kutokana na ununuzi wa amana za fedha ingawa, hata hivyo, viwango vyake huwekwa katika makadirio ya chini huku kukiwa na ufuatiliaji mkubwa.</p>	<p>Hatari ya soko hufuatiliwa kila isku na idara ya hazina ya NMB ikisaidiwa na timu ya udhibiti hatari. Zipo hatua zinazotumika kudhibiti hatari hizi kama vile kuzingatia viwango vya ukomo. Vilevile uatiliaji wa karibu hufanywa kila mwezi na kamati ya mali na madeni (ALCO).</p>

TAARIFA YA UDHIBITI WA HATARI

<p>Hatari ya Mkakati</p> <p>Hatari ya mkakati ni hatari inayoweza kujitokeza na kusababisha kushuka kwa mapato, kupungua kwa mtaji au kuharibu sifa ya taasisi kutokana na uamuzi mbaya kibiashara, kutotekeleza kwa ufasaha uamuzi unaotolewa au kutochukua hatua dhidi ya mabadiliko yaliyopo kwenye sekta, uchumi au teknolojia. Hatari hizi ni mjumuisho wa malengo ya kampuni, mipango na mikakati inayowekwa kufanikisha malengo yaliyopo na rasilimali zilizoелеkezwa kufanikisha malengo yaliyoainishwa.</p>	<p>Benki inao mkakati wa muda wa kati mpaka mwaka 2020 unaoitaka kuchukua hatua kwenye maeneo kadhaa yanayozingatia masuala ya fedha na ukuaji wa taasisi. Kutokana na taarifa za fedha za mwaka 2018 menejimenti inafanya tathmini ya matarajio yaliyoainishwa kwenye Dira ya mwaka 2020.</p>	<p>Hatari ya mkakati ni kipaumbele cha menejimenti ya NMB na bodi ya wakurugenzi pia. Benki imejizatiti kutekeleza malengo yake yaliyoainishwa kwenye Dira ya mwaka 2020 na kutathmini baadhi ya malengo iliyoyaweka kutokana na mabadiliko yanayotokea hivi karibuni. Ukaguzi wa mara kwa mara hufanywa na menejimenti pamoja na bodi ya wakurugenzi ikiongozwa na ofisa mkuu wa udhibiti hatari na utekelezaji kwa kuishirikisha menejimenti yote ikiongozwa na mkurugenzi mtendaji.</p>
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BODI YA WAKURUGENZI

Prof. Joseph J. Semboja | Mwenyekiti wa Bodi



Profesa Joseph Semboja aliteuliwa kujiunga na Bodi ya Wakurugenzi wa NMB Mei 2, 2012. Ni kiongozi maarufu katika sekta ya maendeleo ya uchumi akiwa amefanya tafti nyingi katika maeneo ya ukuaji na upunguzaji wa umaskini. Anafahamika vema katika kanda ya Sahara kutokana na mchango wake mkubwa katika maendeleo ya kitaasisi na kwa kuhamasisha tafti na uwezesaji wa maendeleo ya sera na utekelezaji. Ana mtandao mkubwa wa watu binafsi na kitaasisi zinazofanya kazi katika mazingira tofauti kitaifa na kimataifa. Ana Shahada ya B.A na M.A kutoka Chuo Kikuu cha Dar es Salaam, M.Sc na Ph.D kutoka Chuo Kikuu cha Illinois, Urbana – Champaign.

Profesa Semboja amekuwa mwenyekiti wa taasisi mbalimbali zikiwamo; Bodi ya Katani Tanzania, Business Times Ltd na Benki ya Akiba Commercial. Pia amekuwa katika bodi za Mtandao wa Kupambana na Umaskini Ukanda wa Kusini mwa Afrika (SARPN), REPOA, Baraza la Taifa la Tija (NPC), Mamlaka ya Kodi Tanzania (TRA), Baraza la Ushauri la Utafiti wa Matatizo ya Maendeleo ya Kisayansi (RAWOO), lililopo The Haguem Uholanzi, Benki Kuu ya Tanzania, Mradi wa Kutoa Mikopo kwa Wajasiriamali Wadogo (SELF), Mfuko wa Maendeleo ya Jamii (TASAF), Chuo cha Usimamizi wa Fedha (IFM), Benki ya NMB (alijiuzulu ilipotaifishwa).

Bi. Ineke Bussemaker | Mkurugenzi Mtendaji

Bi. Bussemaker ni Mkurugenzi Mtendaji wa NMB Bank PLC (NMB) kazi aliyoianza tarehe 25 Mei, 2015. Aliteuliwa kuwa Mkurugenzi wa NMB katika Mkutano Mkuu wa Juni 2015, katika kipindi chake akiwa NMB kama Mkurugenzi Mtendaji. Kabla ya wadhifa huo, alikuwa Mkuu wa Huduma za Malipo na Akiba wa Rabobank nchini Uholanzi ambako alikuwa na wajibu wa kusimamia masuala yote yanayohusu shughuli za malipo na akiba nchini Uholanzi. Bi. Bussemaker ana uzoefu wa miaka 30 katika masuala ya kibenki akiwa ameshika nyadhifa za juu katika huduma kwa wateja wakubwa, akiwa meneja mkazi anayeshughulikia miamala ya kibenki katika benki ya Citigroup na ABN Amro. Pia, amefanya kazi katika nchi za Uingereza, Denmark, Ireland na Netherlands.



Ana Shahada ya Uzamili ya Usimamizi wa Biashara (MBA) katika Biashara na Teknolojia ya Mawasiliano kutoka Shule ya Utawala ya Rotterdam na Shahada ya Kwanza ya Hesabu aliyoipata katika Chuo Kikuu cha Leiden, Uholanzi. Ana uwezo wa kuzungumza kwa ufasaha lugha za Kidachi, Kiingereza na pia anaelewa Kifaransa na Kijerumani.

Jos van Lange | Mkurugenzi wa Bodi



Bwana Jos Van Lange ni Mchumi kitaaluma na kwa sasa ni Msimamizi na Mshauri wa kujitegemea wa taasisi mbalimbali (Fedha, Afya na Elimu). Hadi mwaka 2017 alikuwa Mkurugenzi Mtendaji wa Makampuni ya Kimataifa ya Mali zisizohamishika ya Rabo, (Rabo Real Estate Group), Kampuni ya Kimataifa ya Mali zisizohamishika ya Rabobank iliyoundwa kwa muungano wa kampuni mbalimbali za mali zisizohamishika. Kabla ya kushika wadhifa huo, alikuwa Bwana Van Lange alikuwa Mkurugenzi wa kitengo cha huduma kwa wateja wadogo cha Rabobank ya Uholanzi.

Jos van Lange amekuwa Mkurugenzi wa Rabobank Nederland (Makamu wa Rais Mwandamizi) tangu Februari Mosi, 2002 na alishika nyadhifa mbalimbali za Rabobank tangu mwaka 1980.

BODI YA WAKURUGENZI

Ms. Margaret Ikongo | Mkurugenzi wa Bodi

Bi. Margaret Ikongo ni mtaalamu mwelekezi katika masuala ya Bima na udhibiti wa hatari ambaye alifanya kazi katika Shirika la Bima ya Taifa (NIC) na Mamlaka ya Usimamizi wa Shughuli za Bima (TIRA). Alikuwa Mkurugenzi mkuu wa NIC na TIRA, alifanya kazi kama mshauri maalumu wa kamishna wa Bima. Bi. Ikongo ni mwanachama mshirika wa Taasisi ya Bima Uingereza na mwanachama wa Udhibiti wa hatari, Uingereza. Bi. Ikongo ana Diploma ya juu ya Bima, Stashahada ya Uzamili ya Usimamizi wa Fedha kutoka Chuo cha Usimamizi wa Fedha na Shahada ya Uzamili ya Usimamizi wa Biashara katika Chuo Huria cha Tanzania. Amefanya kazi kama Mkurugenzi katika bodi mbalimbali nchini Tanzania na Africa.

**Christine Glover** | Mkurugenzi wa Bodi

Bi. Glover aliteuliwa kujiunga na Bodi ya Wakurugenzi ya NMB Juni 2018. Akiwa na uzoefu wa zaidi ya miaka 30 wa mikakati na operesheni za uendelezaji makazi kifedha, ameshika nyadhifa mbalimbali katika taasisi zinazoheshimika ambako pamoja na mambo mengine, amefanya kazi ya kuandaa mpango wa fedha wa makazi kwa wenye kipato kidogo, kusimamia maendeleo ya makazi na mabadiliko ya miundo kama ya benki. Hadi Novemba 2017, Bi Glover alikuwa mkuu wa mfuko wa athari za maendeleo (head of development impact funds) nafasi ambayo alikuwa nayo tangu Oktoba, 2007.

Bi Glover ana Shahada ya Uzamili katika Mipango Miji na Mikoa kutoka Chuo Kikuu cha Cape Town na Shahada ya Sanaa katika Historia ya Usanifu (Architectural History) kutoka Chuo Kikuu cha Afrika Kusini.

Leonard C. Mususa | Mkurugenzi wa Bodi

Bwana Mususa aliteuliwa kujiunga na Bodi ya Wakurugenzi ya NMB Juni 2015. Ni mhasibu kitaaluma aliyesajiliwa na Bodi ya Taifa ya Uhasibu na Ukaguzi wa Hesabu akiwa Mhasibu anayetambulika (Tanzania). Hadi kufikia Juni 30, 2014. Kwa miaka 14, Bwana Mususa alikuwa Mshirika Mkazi Mwandamizi katika kampuni ya PricewaterhouseCoopers (PwC), alikofanya kazi kwa miaka 36. Aidha, akiwa PwC alipata uzoefu katika maeneo mbalimbali ikijumuisha huduma za malipo, utawala wa kampuni, utoaji taarifa za fedha, usimamizi na udhibiti wa hatari. Pia aliwahi kufanya kazi kama Mkuu wa Uhakiki wa Athari na Ubora wa PwC ukanda wa Afrika ya Kati ukijumuisha nchi tisa na alikuwa Mkuu wa Kitengo cha kuhakiki hatari na ubora, Uhuru wa kiuweledi na Ubora katika Soko la Afrika Mashariki likijumuisha nchi sita.



Bwana Mususa pia ni mjumbe wa bodi wa kampuni mbalimbali z fedha, usindikaji, biashara na sekta ya habari zikiwamo, Tanzania Breweries Plc, Reliance Insurance Tanzania Limited, Nation Media Group na AutoXpress Tanzania Limited.

BODI YA WAKURUGENZI

Mathias Magwanya | Mkurugenzi wa Bodi

Bwana Mathias C. Magwanya ana uzoefu wa miaka 20 katika ukaguzi wa hesabu na amefanya kazi mbalimbali za upembuzi yakinifu. Ana Shahada ya Kwanza ya Biashara katika Uhasibu kutoka Chuo Kikuu cha Dar es Salaam na Shahada ya Uzamili ya Usimamizi wa Biashara kutoka Chuo Kikuu cha Mzumbe.

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

Dkt. George Mulamula | Mkurugenzi wa Bodi

Ni Mwanzishi na Ofisa Mtendaji Mkuu wa Kituo pekee cha Teknologia kinacholea wajasiriamali na wabunifu Tanzania. Bwana Mulamula ni Mshauri Mwandamizi wa Serikali katika Teknolojia ya Habari na Mawasiliano (TEHAMA), kwa wajasiriamali na wabunifu katika kujenga uwiano sawa kwa ukuaji wa ujiamali wa TEHAMA. Kabla ya hapo, alikuwa Ofisa Mtendaji Mkuu Msaidizi wa kwanza (PDCEO) wa Bodi ya Maendeleo Rwanda (RDB) na Mshauri Mwandamizi katika Wizara ya Biashara na Viwanda na amezifanyia kazi Sera za Wajasiriamali wa Kati na Wadogo (SME).



George Mulamula kwa Zaidi ya miaka minane, alikuwa Mwafrika wa kwanza Mtaalamu Mwandamizi wa Haki Miliki (IP) akifanya kazi na Shirika la Haki Miliki Duniani (WIPO), lenye makao makuu yake huko Geneva, Uswisi na amefanya kazi na Serikali za Kusini mwa Jangwa la Sahara katika masuala ya huduma za TEHAMA katika Haki Miliki na ubunifu. Pia alisimamia mageuzi makubwa ya Taasisi ya Mawasiliano ya Ngazi za Juu ya Nairobi, Kenya kuwa Kituo cha Umahiri alipofanya kazi hapo. Kwa zaidi ya miaka 15, amefundisha vyuo mbalimbali vya elimu ya juu katika ukanda na kutoa ushauri kwa taasisi za kimataifa na kikanda, pia amehusika katika utengenezaji wa sera za ubunifu na ujasiriamali katika TEHAMA. Ameendesha makampuni ya TEHAMA na ameandika kwa kina masuala ya TEHAMA, Uhawilishaji Teknolojia kwa Maendeleo Endelevu.

Bwana Mulamula ana Shahada ya Uzamivu (PhD) katika Uhawilishaji wa Teknolojia ya TEHAMA na Shahada ya Uzamili ya Sayansi ya Kompyuta kutoka Chuo Kikuu cha New York.

Bi. Lilian Komwihangiro | Katibu wa Kampuni

Bi. Lilian R. Komwihangiro amekuwa na NMB zaidi ya miaka 10. Hapo awali alifanya kazi kama Mshauri wa Sheria ni katika ofisi za Maajar, Rwechungura na Kameja, FK Law Chambers na PricewaterhouseCoopers. Ana uzoefu wa miaka zaidi ya 20 katika masuala ya kisheria na pia ni Wakili wa Mahakama Kuu ya Tanzania.

Bi Lilian Komwihangiro ana Shahada ya Kwanza ya Sheria na Shahada ya Uzamili ya Sheria katika uwanja wa Biashara kutoka Chuo Kikuu cha Dar es Salaam. Pia ana Shahada ya Juu ya Usimamizi wa Biashara kutoka Chuo cha Mafunzo ya Uongozi Afrika Mashariki na Kusini (ESAMI).

BODI YA WAKURUGENZI

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

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

i. Bodi ya Wakurugenzi

Majukumu

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

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

Wajumbe

Mwaka 2018 Bodi ya Wakurugenzi ilikuwa na wajumbe saba wasio watendaji na mjumbe moja ambaye ni mtendaji, wote wakiwa na ujuzi, uzoefu na uanuwai.

Uteuzi

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

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

Kujiuzulu

Kwa mwaka 2018, Wakurugenzi waliojiuzulu kwenye Bodi walikuwa Albert Jonkergouw na Protase Tehingisa. Wakurugenzi Christine Glover, George Mulamula na Mathias Magwanya waliteuliwa kuwa Wakurugenzi kwenye Mkutano Mkuu wa Mwaka uliofanyika Juni 2018.

BODI YA WAKURUGENZI

Vikao vya Bodi

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

Mwaka 2018 Bodi na kamati zake zilikutana kujadili na kuamua maswala na shughuli za kibiashara. Kamati za Bodi zinafanya kazi kwa niaba ya Bodi kuielekeza benki kwa usahihi na kuchapuzwa mchakato wa kufanya uamuzi. Kamati nne za Bodi ni: Kamati ya Bodi ya Wakurugenzi Watendaji (BEC), Kamati ya Ukaguzi, Hatari na Utekelezaji (BARCC), Kamati ya Rasilimali Watu na Mishahara (BHRRC) na Kamati ya Bodi ya Mikopo (BCC).

Idadi ya vikao vilivyofanyika mwaka uliopita imeonyshwa kwenye mabano:

- ① Bodi ya Wakurugenzi (10)
- ② Kamati ya Wakurugenzi watendaji (4)
- ③ Kamati ya Bodi ya Ukaguzi na Usimamizi (9)
- ④ Kamati ya Bodi ya Rasilimali Watu na Mishahara (5)
- ⑤ Kamati ya Bodi ya Mikopo (9)

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

S/No.	Jina	Bodi Kuu	Kamati ya Bodi ya Wakurugenzi Watendaji	Kamati ya Bodi ya Ukaguzi na Usimamizi	Kamati ya Bodi ya Mikopo	Kamati ya Bodi ya Rasilimali Watu na Mishahara
1.	Joseph Semboja	Mwenyekiti	Mwenyekiti			
2.	Leonard Mususa	Mjumbe		Mjumbe	Mwenyekiti	
3.	Christine Glover	Mjumbe	Mjumbe		Mjumbe	Mjumbe
4.	Jos van Lange	Mjumbe		Mwenyekiti		
5.	Mathias Magwanya	Mjumbe	Mjumbe			Mjumbe
6.	George Mulamula	Mjumbe		Mjumbe	Mjumbe	
7.	Margaret Ikongo	Mjumbe		Mjumbe		Mwenyekiti
8.	Ineke Bussemaker	(Mkurugenzi Mtendaji)				

1 BEC (Board Executive Committee)

2 BARCC (Board Audit, Risk and Compliance Committee)

3 BCC (Board Credit Committee)

4 BHRRC (Board Human Resources and Remuneratin Committee)



BODI YA WAKURUGENZI

Tathmini ya Wakurugenzi

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

Mafunzo

Mafunzo yanatolewa kwa wakurugenzi ili kuhakikisha wanafahamu kinachoendelea kwenye soko. Mwaka 2018 Wakurugenzi walipata mafunzo ya uchanganuzi wa data.

Uhusiano na Wakaguzi

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

i. Kamati za Bodi

Kamati ya Utendaji ya Bodi

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

Kamati ya Ukaguzi, Hatari na Utekelezaji

Kamati hii husaidia Bodi katika kutekeleza jukumu lake kama mwangalizi kuhusiana na hadhi ya taarifa ya hesabu za benki na mchakato wa utoaji taarifa, mifumo ya utunzaji hesabu na udhibiti wa fedha; utoaji taarifa za hesabu za fedha za mwaka zilizokaguliwa na wakaguzi wa nje, utoaji taarifa na udhibiti wa hesabu za ndani, matokeo ya kazi ya ukaguzi wa ndani, hatari na utekelezaji na utekelezaji wa mahitaji ya kimamlaka.

Kamati ya Bodi ya Rasilimali Watu

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

BODI YA WAKURUGENZI

Kamati ya Bodi ya Mikopo

Kamati hii husaidia Bodi nzima katika uandalizi wa katika kusimamia mikopo kwa kutathmini kila wakati jumla ya mikopo yote, viwango vya mikopo na sera ya mikopo na kuidhinisha mikopo.

i. Katibu wa Kampuni

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

Mawasiliano na wanahisa

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

Wanahisa wanashauriwa kuhudhuria Mkutano Mkuu wa Mwaka utakaofanyika Jumamosi tarehe 15 Juni 2019 katika ukumbi wa Julius Nyerere Convention Centre, Dar es Salaam na washiriki katika masuala ya kampuni.





Taarifa za Kampuni

Kuimarisha mazingira ya kazi ili watu wetu waweze kustawi ni muhimu kwa mafanikio ya kampuni yetu kufanya vizuri, jinsi tunavyoajiri, kutoa mafunzo, kuendeleza wafanyakazi wetu, kuendelea kuwahakikishia ajira wafanyakazi wetu na uamuzi ya kila siku wanayoyafanya, ni muhimu na ni misingi inayoambatana na utamaduni wetu kutuwezesha kutoa huduma nzuri kwa wateja wetu na jamii kwa ujumla.

UONGOZI WA JUU

SALIE ANDREW MLAY | KAIMU MKUU WA BIASHARA WATEJA WADOGO NA WA KATI

Salie Andrew Mlay ni mtaalamu aliyebobea katika masuala ya kibenki akiwa na uzoefu wa zaidi ya miaka 20 katika huduma kwa wateja wadogo. Salie alijiunga na NMB tangu ilipoanzishwa mwaka 1997 na ameshika nafasi mbalimbali ikiwamo meneja wa tawi, meneja wa kanda kabla ya kuteuliwa kuwa Kaimu Mkuu wa Biashara kwa Wateja Wadogo.

Salie ana stahada ya uzamili katika usimamizi wa biashara kutoka Chuo cha Usimamizi wa Fedha (IFM) na Ana Shahada ya Uzamili ya Uongozi wa Biashara (MBA) katika masuala ya kibenki kutoka Chuo Kikuu cha London.

AZIZ CHACHA | MWEKA HAZINA

Aziz Chacha alijiunga na NMB akiwa Mtunza Fedha wa Benki Septemba 2011 akitokea Benki ya Barclays Tanzania ambako alikuwa Mtunza Fedha Mkazi. Ana Shahada ya Uzamili ya Uongozi wa Biashara (MBA) kutoka Shule ya Biashara ya Manchester katika Chuo Kikuu cha Manchester, Uingereza na hivi sasa yupo katika Kamati ya Kitaalamu ya Fedha na Masoko ya Chama cha Mabenki Tanzania (TBA). Ana uzoefu mkubwa katika masuala ya Hazina na Usimamizi wa Vihatarishi, Teknolojia ya Fedha, masoko ya mitaji, usimamizi wa mizania na ni mwanachama aliyezhibitishwa wa masoko ya Hisa (ACI) yenye makao makuu yake Ufaransa.

FILBERT MPONZI | MKUU WA WATEJA WAKUBWA

Filbert ana uzoefu wa miaka 16 katika huduma za kibenki. Alijiunga tena na NMB Bank plc akitokea NBC Limited (mwanachama wa Barclays Africa Group na hivi karibuni, Absa Group) ambako alikuwa Mkurugenzi wa Wateja Wadogo na kufanikisha kwa kiwango kikubwa mkakati wake wa kujumuisha huduma binafsi na kusimamia usambazaji wa utoaji wa huduma (matawi, ATM, na kuanzisha huduma za Wakala wa Benki).

Kabla ya kujiunga na NBC Limited, alishika nafasi mbalimbali za juu ndani ya NMB ikiwamo mkuu wa MSME, Biashara ya Kibenki na Mkuu wa Wateja Wakubwa (Wateja Wakubwa wa ndani, MNC na kampuni zinazochipukia). Analeta uzoefu mkubwa katika utoaji wa huduma kwa Wateja Wadogo, MSME, Mashirika Makubwa, na Biashara ya Kilimo. Filbert pia ni mwanachama wa Bodi ya Wadhamini ya Social Action Trust Fund (SATF), shirika lisilo la kiserikali linaloshughulikia Watoto Walio katika Mazingira Hatarishi ili waje kuwa na mchango wa maendeleo katika jamii. Pia ni mjumbe wa Kamati ya Uwekezaji ya Mfuko wa SME Impact.

Filbert ana shahada ya juu ya kitaaluma ya uhasibu (ACPA (T)) na Shahada ya Biashara (Uhasibu) kutoka Chuo Kikuu cha Dar es Salaam na Shahada ya Uzamili ya Usimamizi wa Biashara (MBA) kutoka Chuo cha Uongozi Afrika Mashariki na Kusini mwa Afrika (ESAMI). Filbert pia amehudhuria kozi za juu za uongozi katika Shule ya Biashara Harvard (HBS) (USA) na Taasisi ya Sayansi ya Biashara ya Gordon (GIBS), Afrika Kusini.

UONGOZI WA JUU

PETE NOVAT | AFISA MKUU UENDELEZAJI WA BIDHAA NA MATUMIZI YA DIGITALI

Pete Novat ni Mkuu wa Mabadiliko ya Dijiditali na Bidhaa akiwa na wajibu wa kuwapatia wateja wa NMB Tanzania bidhaa na huduma mbalimbali za kifedha zinazotolewa bila vikwazo kwa wateja. Pete anasimamia mtandao wa ATM wa NMB na mfumo wake wa kidigitali ambao umeshinda tuzo kwa kusaidia mamilioni ya wateja wake wakiwamo watumiaji wa huduma za kibenki katika simu. Kabla ya kuteuliwa kwake kuwa Mkuu wa Digitali, Pete alikuwa Mkuu wa Operesheni kwa miaka minne akiiongoza operesheni zote za NMB, Huduma za Pamoja na teknolojia.

Pete ana uzoefu mkubwa katika masuala ya huduma za fedha akiwa amefanya kazi katika tasnia hiyo tangu mwishoni mwa miaka ya 1990. Alitumia miaka tisa akiwa NBC Bank akiongoza timu ya wataalamu wa Teknolojia kabla ya kujiunga na NMB mnamo Februari 2013. Pete ana Shahada ya Kwanza ya Elektroniki na Sayansi ya Mawasiliano kutoka Chuo Kikuu cha Dar es Salaam na Cheti cha Programu ya Usimamizi wa Maendeleo (PMD) kutoka Taasisi ya Sayansi ya Biashara ya Gibson (GIBS), Afrika Kusini.

SAIF AHMED | MKUU WA BIASHARA YA KILIMO

Saif Ahmed ana uzoefu wa zaidi ya miaka 24 katika utoaji wa huduma za kibenki katika taasisi kubwa na SME, Uwekezaji wa Kibenki, Biashara ya Kilimo, FMCG na Ushauri Afrika Mashariki, Magharibi, Asia na Ulaya. Pia amekuwa mjumbe wa bodi ya wakurugenzi na kamati za ushauri wa kitaaluma za taasisi kadhaa za kifedha na biashara zinazohusiana na kilimo katika vyama binafsi na umma zikiwamo AZISE za ndani na nje. Kabla ya kujiunga na NMB mwaka 2016, alifanya kazi katika Benki ya Equity Ltd, Kenya ambako alikuwa Meneja Mkuu wa Biashara ya Kilimo akisimamia nchi sita za Afrika Mashariki. Ana uzoefu mkubwa wa usimamizi wa kuongeza thamani katika minyororo mbalimbali ya thamani katika biashara ya kilimo kama vile chai, kahawa, matunda, mbogamboga, karanga n.k. Saif ana Shahada ya Kwanza ya Uhasibu na Uchumi na Shahada ya Uzamili ya Usimamizi wa Biashara (MBA) katika Fedha na Usimamizi wa Biashara ya Kilimo kutoka India. Pia ana Cheti cha Biashara ya Kilimo kutoka Shule ya Masomo ya Fedha, Kenya.

TOM BORGHOLS | OFISA MKUU WA MIKOPO

Tom Borghols ni Ofisa Mkuu wa Mikopo wa NMB. Anashughulikia Mikopo na kituo kipya cha mikopo cha benki kilichozinduliwa ambacho kinasimamia utoaji wa mikopo.

Tom ana zaidi ya miaka 30 ya kufanya kazi katika benki, amefanya kazi na Benki ya ABN AMRO, Benki ya Fortis na Rabobank. Amewahi kushika nafasi mbalimbali kwenye maeneo ya biashara na udhibiti wa hatari, kwenye upande wa kuhudumia wateja wakubwa na wateja wa rejareja. Tom alianza kazi akiwa kwao Uholanzi baadaye akahamia Curacao kwenye Visiwa vya Caribbean, kisha Kenya, Rwanda na Zambia. Kabla ya kujiunga na NMB miaka mitano iliyopita, alifanya kazi na Bank Populaire du Rwanda na baadaye kuteuliwa kuwa Mkurugenzi wa Udhibiti wa Hatari wa Zambia National Commercial Bank (ZANACO). Tom ana shahada ya Uzamili ya Sheria za Kimataifa.

UONGOZI WA JUU

VICTOR RUGEIYAMU | OFISA MKUU WA UDHIBITI HATARI NA UTEKELEZAJI

Victor Rugeiyamu alichaguliwa kuwa Ofisa Mkuu wa Udhibiti wa Hatari na Utekelezaji Aprili, 2018. Kabla ya uteuzi huo, alifanya kazi kama kaimu mkuu wa Udhibiti wa Hatari, akiongoza Idara ya Hatari katika benki, jukumu ambalo alikuwa nalo baada ya kujiunga na NMB kwa mara ya kwanza mwaka 2009. Katika nafasi yake ya Ofisa mkuu wa Udhibiti wa Hatari, Victor anawajibika kusimamia Mfumo wa Udhibiti wa Hatari (ERM), pamoja na usimamizi wa Kiwango cha uwezekano wa kupata hasara. Aidha anasimamia utekelezaji wa Hatari za Masoko, Hatari za Kibiashara, Hatari za Uendeshaji, Hatari za TEHAMA na timu za hatari za mikopo pamoja na idara ya upelelezaji.

Akiwa na uzoefu wa takriban miaka 20 katika sekta ya huduma za fedha, Victor ameshika nyadhifa mbalimbali katika tasnia ya udalali na benki katika maeneo ya kibiashara pamoja na utekelezaji wa hatari. Alianza maisha yake ya kazi Marekani mara tu baada ya kumaliza masomo yake ya Shahada ya Kwanza ambapo alifanya kazi kama muuzaji katika kampuni ya DLJ/Credit Suisse First Boston Direct kabla ya kuingia katika sekta ya benki katika Benki ya Wachovia N.A.

Victor ana Shahada ya Sanaa ya Uchumi kutoka katika Chuo cha Belmont Abbey, North Carolina Marekani na Shahada ya Uzamili ya Usimamizi wa Biashara (MBA) katika Fedha na Benki kutoka Chuo Kikuu cha North Carolina, Charlotte Marekani.

JUMA KIMORI | MKAGUZI MKUU WA NDANI

Juma alijiunga na Benki ya NMB akitokea Benki ya Barclays kama Mkaguzi Mkuu wa Ndani, akiripoti kwa mkurugenzi mtendaji na bodi ya wakurugenzi tangu Mei 2018.

Kabla ya kujiunga na NMB, alikuwa amefanya kazi na Benki ya Barclays Tanzania tangu Aprili 2011 kama Mkaguzi Mkuu wa Ndani akiripoti katika kamati ya ukaguzi ya bodi. Kabla ya hapo alikuwa mfanyakazi wa BancABC tangu Desemba 2009 alikokuwa mkuu wa idara ya ukaguzi wa ndani nchini. Juma ameshafanya kazi na PriceWaterhouseCoopers kwa miaka 3.5 kama mshirika mwandamizi wa huduma za uhakiki akijikita zaidi kwenye ukaguzi wa hesabu za fedha.

Akiwa Barclays alipandishwa cheo hadi ukurugenzi na kuteuliwa kuwa mkuu wa kanda wa ukaguzi wa ndani wa benki hiyo kuanzia Januari 2016. Katika wadhifa huo, Juma aliongoza na kusimamia ukaguzi wa Barclays Botswana, Barclays Tanzania, Barclays Zambia, Barclays Msumbiji, Barclays Mauritius na Barclays Shelisheli. Ana uzoefu wa miaka takriban 12 katika ukaguzi wa hesabu za fedha, mikopo mikubwa na midogo, operesheni za malipo, shughuli za matawi ya benki na utawala wa kampuni. Juma ni mkufunzi wa Taasisi ya Ukaguzi wa Ndani (IIA) na ana uzoefu wa kuandika na kuwasilisha makala za ukaguzi wa ndani, nchini hata nje ya nchi.

Juma ana shahada ya kwanza ya Biashara katika uhasibu kukoka Chuo Kikuu cha Dar es Salaam na ni mhasibu anayetambulika na Bodi ya Wahasibu. Juma ni mjumbe wa bodi na Makamu wa Rais wa Chuo cha Wakaguzi wa Ndani, Tanzania.

UONGOZI WA JUU

LILIAN KOMWIHANGIRO | KATIBU WA BENKI NA MKUU WA IDARA YA SHERIA

Bi. Lilian R. Komwihangiro amekuwa na NMB zaidi ya miaka 10. Hapo awali alifanya kazi kama Mshauri wa Sheria katika ofisi za Maajar, Rwechungura na Kameja, FK Law Chambers na PricewaterhouseCoopers. Ana uzoefu wa zaidi ya miaka 20 katika masuala ya kisheria na pia ni Wakili wa Mahakama Kuu ya Tanzania.

Bi Lilian Komwihangiro ana Shahada ya Kwanza ya Sheria na Shahada ya Uzamili ya Sheria katika uwanja wa Biashara kutoka Chuo Kikuu cha Dar es Salaam. Pia ana Shahada ya Juu ya Usimamizi wa Biashara kutoka Chuo cha Mafunzo ya Uongozi Afrika Mashariki na Kusini (ESAMI).

RUTH ZAIPUNA | OFISA MKUU WA FEDHA

Ruth alijiunga na Benki ya NMB akitokea Benki ya Standard Chartered alikokuwa Ofisa Mkuu wa Fedha.

Ruth alianza kuifanyia kazi taaluma yake katika kampuni ya PwC ambako kwa miaka 10, alikuwa akizikagua benki za biashara na taasisi nyingine za fedha. Akiwa na kampuni hiyo, alipanda vyeo mpaka kuwa mkurugenzi mshiriki. Agosti 2011, Ruth aliondoka katika kampuni hiyo na kujiunga na Benki ya Standard Chartered kama ofisa mkuu wa fedha. Julai 2017 aliongezewa majukumu akisimamia masuala ya fedha ya benki hiyo nchini na ukanda wa Afrika Mashariki ikijumuisha Tanzania, Kenya na Uganda.

Licha ya majukumu yake katika Benki ya Standard Chartered, Ruth amekuwa akiongoza idara ya kodi. Ruth pia ni mkurugenzi wa bodi ya wakurugenzi wa kampuni ya Saruji ya Tanzania (TPCC), inayoongoza kwa uzalishaji wa bidhaa hiyo nchini ambayo imeorodheshwa katika Soko la Hisa Dar es Salaam (DSE).

Ruth ni mhasibu mwandamizi anayetambulika na Bodi ya Wahasibu na Wakaguzi Tanzania (CPA (T)). Ana shahada ya uzamili ya usimamizi wa biashara (MBA) katika fedha na shahada ya kwanza ya biashara (B.Com) katika uhasibu zote kutoka Chuo Kikuu cha Dar es Salaam.

UONGOZI WA JUU

EMMANUEL AKONAAY | KAIMU MKUU RASILIMALI WATU

Emmanuel Jonathan Akonaay alijiunga na Benki ya NMB Julai 2014 na amekuwa akikaimu ukuu wa Idara ya Rasilimali Watu na akiripoti kwa Mkurugenzi Mtendaji wa Benki ya NMB tangu Novemba 2018. Katika majukumu yake, anawajibika kuweka mikakati ya mahitaji ya wafanyakazi kulingana na malengo ya Benki na kutoa mwongozo muhimu kwa idara hiyo kufanikisha malengo yaliyopo.

Kabla ya uteuzi huo, Emmanuel alikuwa Mkuu wa Idara ya Rasilimali Watu na Huduma Jumuifu akiwa na jukumu la kuandaa miongozo na kutekeleza sera na kuboresha uhusiano wa wafanyakazi katika ufanikishaji wa shughuli za idara hiyo.

Emmanuel alijiunga na Benki ya NMB akitokea kampuni ya Ernst & Young alikokuwa mkuu wa kitengo cha rasilimali watu akisimamia utekelezaji wa ajenda za kampuni hiyo nchini kote katika kuibua vipaji, kuendeleza wafanyakazi na kuhakikisha hawaondoki. Kabla hajajiunga na kampuni hiyo, Emmanuel alikuwa meneja malipo kwa wafanyakazi wa Benki ya Barclays Tanzania akisimamia stahiki zote za watumishi wa benki hiyo nchini huku akiwa amefika ngazi ya Mshirika wa kampuni hiyo.

Emmanuel ni ofisa rasilimali watu aliyethibitishwa akiwa na Shahada ya Sanaa kutoka Chuo Kikuu cha Dar es Salaam na hivi sasa anaendelea na masomo ya shahada ya uzamili katika usimamizi wa biashara (MBA) Chuo Kikuu cha ESAMI.

NENYUATA MEJOOLI | MKUU WA HUDUMA JUMUIFU

Nenyuata ana uzoefu wa zaidi ya miaka 20 katika operesheni za benki, hatari, uhakiki wa ubora na uboreshaji wa huduma.

Nenyuata alijiunga na Benki ya NMB kama meneja biashara akitokea Benki ya Standard Chartered. Septemba 2007 na tangu mwaka huo ameshika nyadhifa mbalimbali ikiwamo meneja mwandamizi wa operesheni, meneja mwandamizi wa huduma za benki na mkuu wa operesheni za benki. Kabla ya wadhifa alionao kuanzia Juni 2018, alikuwa mkuu wa mtandao wa matawi ya Benki mwaka 2016.

Ana shahada ya kwanza ya Sayansi katika Elektroniki kutoka Chuo Kikuu cha Bangalore cha India na Shahada ya Uzamili katika Usimamizi wa Biashara (MBA) kutoka Chuo Kikuu cha Dublin City cha Ireland. Nenyuata pia ana Cheti cha Uongozi Daraja la Pili (PRINCE 2) kutoka Taasisi ya Sayansi ya Biashara ya Gordon (GIBS) ya Afrika Kusini. Ni mwana bodi aliyeidhinishwa Chuo Kikuu cha ESAMI wa Programu ya Mustakabali wa Mwananke Tanzania, chaguo la kwanza, programu inayolenga kuwaandaa wanawake kushika nafasi za uongozi kwenye taasisi walizomo.

UONGOZI WA JUU

JOSELINE KAMUHANDA | MKUU WA IDARA YA MAWASILIANO YA UMMA

Joseline ana uzoefu mkubwa katika masuala ya mawasiliano na masoko, kazi aliyoianza mara tu baada ya kuhitimu chuo kikuu alikosomea menejimenti na masoko. Uzoefu wake umejikita zaidi kwenye masoko, uhusiano na mawasiliano pamoja na menejimenti. Joseline anaratibu na kusimamia masuala yote ya mawasiliano ya Benki ya NMB hivyo kufanya kazi kwa ukaribu sana na menejimenti kufanikisha malengo ya kibiashara na mawasiliano ya Benki. Kabla ya kujiunga na NMB, Joseline alifanya kazi na kampuni ya mawasiliano inayoongoza Tanzania, Vodacom Tanzania ambako alishika nyadhifa mbalimbali za juu ikiwamo mkuu wa nembo na matangazo kabla ya kuteuliwa kuwa mkuu wa mawasiliano na uhusiano kwa umma.

Joseline ana Shahada ya Uzamili katika Usimamizi wa Biashara (MBA) kutoka Chuo Kikuu cha Dar es Salaam na shahada nyingine ya uzamili katika menejimenti na masoko kutoka Chuo Kikuu cha Edinburgh, Scotland.

ANNA MWASHA | KAIMU MKUU WA IDARA YA MIPANGO NA UHUSIANO NA Wawekezaji

Akichanganya uzoefu alionao katika tasnia ya menejimenti ya uwekezaji na hesabu za fedha za kampuni, Anna ni kaimu mkuu wa kitengo cha mipango na uhusiano wa wawekezaji wa Benki ya NMB akiwa na jukumu la kusimamia uandaaji wa mikakati ya Benki na utekelezaji wake. Akiwa ameshika nafasi tofauti ndani ya Benki kwa zaidi ya miaka 10 iliyopita ikiwamo mauzo, huduma binafsi za benki, utamaduni na maendeleo, Anna ana uelewa mpana wa operesheni za benki unaojidhihirisha kwenye majukumu yake ya sasa. Kabla ya kujiunga na NMB mwaka 2016, alishafanya kazi Benki ya Stanbic Tanzania na Benki ya Access Tanzania. Anna ni mshauri aliyeidhinishwa wa uwekezaji katika Soko la Hisa Dar es Salaam (DSE). Vilevile, ana cheti cha kimataifa cha uhusiano wa wawekezaji kutoka Chama cha Washauri wa Uwekezaji cha Uingereza (IR Society) na cheti cha kimataifa cha hesabu za kampuni kutoka Kitivo cha Biashara cha Chuo Kikuu cha Columbia.

KAMATI YA UTENDAJI YA MENEJIMENTI

Kamati ya Utendaji ya Menejimenti (ExCo) inaendesha na kusimamia shughuli za utawala za benki katika ngazi zote. Kamati ina mamlaka ya kutengeneza mikakati na dira ya benki kwa ajili ya utekelezaji kwenye idara mbalimbali na kutoa ushauri wa mkakati huo na dira kwenye Bodi kwa ajili ya kuidhinishwa.

Kamati ya Mali na Dhima za Benki

Kamati ya Mali na Dhima (ALCO) ina wajibu wa kuipatia Benki faida nzuri na endelevu ndani ya mfumo unaokubalika wa udhibiti wa hatari za kifedha. Kamati imepewa mamlaka ya kusimamia mizania na hatari za kifedha za biashara ndani ya sera na mipaka iliyoainishwa. Pia imepewa mamlaka ya kukasimu majukumu ya kila siku ya shughuli za Usimamizi wa Mali na Dhima (ALM) kwa mtu mmoja mmoja.

Kamati ya Mikopo (Ubora wa Mikopo, Usimamizi wa Mikopo Mibovu, Wateja Wakubwa na Wadogo)

Kamati za mikopo zinahakikisha utoaji wa mikopo unaofuata taratibu na usimamizi wa mikopo kwa wateja kwa kuzingatia sera za hatari za mikopo na taratibu zinazokubaliwa na NMB.

Kamati ya Usimamizi wa Ukaguzi, Hatari na Utekelezaji

Kamati ya Usimamizi wa Ukaguzi wa Hatari na Utekelezaji inahakikisha kwamba maeneo yenye hatari kubwa kutoka kwa wadhibiti, hatari ya utekelezaji na ripoti za ukaguzi zinashughulikiwa kwa wakati ili kuboresha udhibiti wa hatari katika benki.

Kamati ya Usimamizi wa Rasilimali Watu na Nidhamu

Kamati ya Rasilimali Watu na Nidhamu inahakikisha kunakuwa na usawa katika utekelezaji wa kanuni za nidhamui kwa wafanyakazi, hasa katika masuala ya makosa makubwa ya kinidhamu. Kamati ina uwezo wa kuamua kesi za tuhuma za makosa ya kinidhamu ya wafanyakazi yanayowasilishwa kwake ikizingatia matakwa na mahitaji ya sheria za kazi za Tanzania.

Kamati ya Usimamizi wa Tenda (MTC)

Kamati ya Usimamizi wa Tenda (MTC) inapitia, kuzingatia na kuidhinisha manunuzi yote yaliyofanywa ambayo ni zaidi ya Shilingi milioni 100. Kamati ina uwezo wa kualika, kuchunguza na itakapobidi kuidhinisha ununuzi wa bidhaa, kazi na huduma ndani ya uwezo wake wa kifedha.

Kamati ya Hatari na Udhibiti

Kamati ya Hatari na Udhibiti ni kamati ya muda inayohusisha operesheni mbalimbali, biashara na usaidizi na inaongozwa na Ofisa Mkuu wa Hatari na Utekelezaji. Lengo lake ni kusimamia mazingira ya udhibiti na ubora wa huduma kwa wateja wa NMB, huku ikihakikisha kwamba ukubalifu wa hatari unabaki katika uwezo wa benki kama

KAMATI ZA MENEJIMENTI

ilivyofafanuliwa katika mpango wa mipaka ya ukopeshaji. Pia, kamati hii inafungana na mfumo mzima wa Usimamizi wa Mfumo wa udhibiti wa hatari. Kamati pia ina mamlaka ya kupitia kazi za matawi na kutoa mwongozo unaohitajika kwenye matawi inapohitajika.

Kamati ya Kuidhinisha Bidhaa

Kamati ya Kuidhinisha Bidhaa inapitia na kuidhinisha au kutoa bidhaa na huduma mpya. Kamati ina uwezo wa kuidhinisha na kukataa maombi ya kutoa bidhaa au huduma mpya kama hazitakidhi viwango vinavyotakiwa.

Kamati ya Kuzuia Udanganyifu

Kamati ya Kuzuia Udanganyifu inafanya uchunguzi kama kuna tatizo la kushindwa kudhibiti ambalo limesababisha kutokea kwa udanganyifu na kuchukua hatua za haraka kukomesha.

Kamati ya Usimamizi wa Rufaa

Madhumuni ya Kamati ya Usimamizi wa Rufaa ni kujadili rufaa kutoka kwa wafanyakazi walioumizwa na uamuzi na adhabu kutoka katika Kamati ya Nidhamu ya Makao Makuu (HODC) na Kamati ya Nidhamu ya Kanda (ZDC).

Kamati ya Kupitia Miradi

Majukumu makubwa ya Kamati ya kupitia Miradi ni kusimamia na kuishauri benki kuhusu miradi na programu ili zikamilike kwa mafanikio kwa viwango, utaratibu na gharama zilizokabiliwa.

Kamati ya Matumizi Mazuri

Malengo ya Kamati ya Matumizi Mazuri ni kuhakikisha kwamba Benki inakuwa na matumizi bora kwa maana kwamba uwiano wa gharama za mapato unapunguzwa kufikia kiwango kizuri na mapato ya jumla ya benki yanaongezeka haraka zaidi ya gharama za uendeshaji (gharama chanya za mapato JAW).

TAARIFA YA MKUTANO MKUU WA MWAKA 2019

Taarifa inatolewa kwamba Mkutano Mkuu wa 19 wa mwaka wa wanahisa wa NMB utafanyika katika ukumbi wa Julius Nyerere International Convention Centre, Dar es Salaam saa 4 asubuhi siku ya Jumamosi, Juni 15, 2019.

Agenda itakuwa kama ifuatavyo:

- 19.1 MATANGAZO NA AKIDI
- 19.2 KUPITISHA AJENDA ZA MKUTANO
- 19.3 KUTHIBITISHA KUMBUKUMBU ZA MKUTANO MKUU WA 18 ULIOFANYIKA TAREHE 2 JUNI 2018
- 19.4 YATOKANAYO NA MKUTANO WA 18 WA WANAHISA
- 19.5 KUPOKEA, KUJADILI NA KUPITISHA RIPOTI YA WAKURUGENZI NA TAARIFA ZA FEDHA KWA MWAKA ULIOISHIA TAREHE 31 DESEMBA 2018
- 19.6 KUIDHINISHA GAWIO KWA MWAKA ULIOISHIA TAREHE 31 DESEMBA 2018
- 19.7 KUPOKEA NA KUIDHINISHA MALIPO YA WAKURUGENZI
- 19.8 KUTEUA WAKURUGENZI
- 19.9 KUPOKEA NA KUTHIBITISHA UTEUZI WA WAKAGUZI WA HESABU KWA MWAKA UNAOMALIZIKA TAREHE 31 DESEMBA 2019
- 19.10 MENGINEYO

MAELEZO MUHIMU

- i. Mwanachama anayetarajia kuhudhuria Mkutano lazima aje na nakala yake ya risiti ya uwekezaji wa hisa (Depository receipt) au kitambulisho chake au kadi yake ya benki.
- ii. Mjumbe anayeruhusiwa kuhudhuria na kupiga kura kwenye Mkutano anaruhusiwa kuchagua mwakilishi kuhudhuria na kupiga kura kwa niaba yake kwa kufuata /kuzingatia taratibu na Sheria za Kampuni kama zilivyorekebisha. Fomu ya uwakilishi lazima iwasilishwe kwenye ofisi iliyosajiliwa ya Kampuni kabla ya saa 4 asubuhi Ijumaa ya tarehe 14 Juni 2019.
- iii. Mwanachama anayetarajia kuhudhuria kikao atatakiwa kuhudhuria kwa gharama zake mwenyewe. Nakala za taarifa ya mwaka na fomu za mwakilishi zitapatikana matawini.
- iv. Wakurugenzi wamependekeza ulipwaji wa gawio la shilingi 66 kwa kila hisa, inayoleta jumla ya shilingi bilioni 33 kutokana na faida ya mwaka 2018.

TAREHE ZA KUZINGATIA:

Tarehe ya tangazo:	17 Mei 2019
Hisa kuuzwa pamoja na gawio :	17 Mei 2019
Mwisho wa hisa kuuzwa pamoja na gawio :	6 Juni 2019
Hisa kuanza kuuzwa bila gawio:	7 Juni 2019
Daftari la wanahisa kufungwa:	11 Juni 2019
Malipo ya gawio kwa wanahisa: kuanzia tarehe	27 Juni 2019

Kwa amri ya Bodi ya Wakurugenzi,



Lilian R. Komwihangiro
Katibu wa Kampuni
Mei 10, 2019

TAARIFA YA MKUTANO MKUU WA MWAKA 2019

UWAKILISHI

NDUGU:

MKUU WA IDARA YA SHERIA NA KATIBU WA BENKI

NMB Makao Makuu,

S.L.P 9213,

Ali Hassan Mwinyi / Ohio Streets

Dar es Salaam, Tanzania.

Mimi/Sisi,.....wa.....
Mjumbe / Wajumbe wa NMB Bank PLC ambaye/ambao nimeruhusiwa/tumeruhusiwa kupiga kura,ninamchagua /
tunamchagua.....wa.....kama Mwakilishi
kupiga kura kwa niaba yangu/yetu kwenye MKUTANO MKUU WA KUMI NA NANE WA MWAKA wa kampuni utakaofanyika
kwenye ukumbi wa Julius Nyerere Convention Centre, Dar es Salaam siku ya Jumamosi tarehe Juni 15, 2019 na hata
katika kuahirishwa kwake.

Imesainiwa tarehesiku ya..... 2019

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 si lazima awe mjumbe wa kampuni.



KUTAHADHARISHA KWA SIRI

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

1 KUPITIA TOVUTI YA NMB

<http://www.nmbbank.co.tz>

2 KWA NJIA YA POSTA:

Unaweza kutuma maelezo yako kwa siri kwa Mkurugenzi Mtendaji:

Ionwe na: Mkurugenzi Mtendaji [bahasha iandikwe “Binafsi na Siri”]

NMB Makao Makuu,

S.L.P 9213,

Mitaa ya Ali Hassan Mwinyi/Ohio

Dar es Salaam, Tanzania.

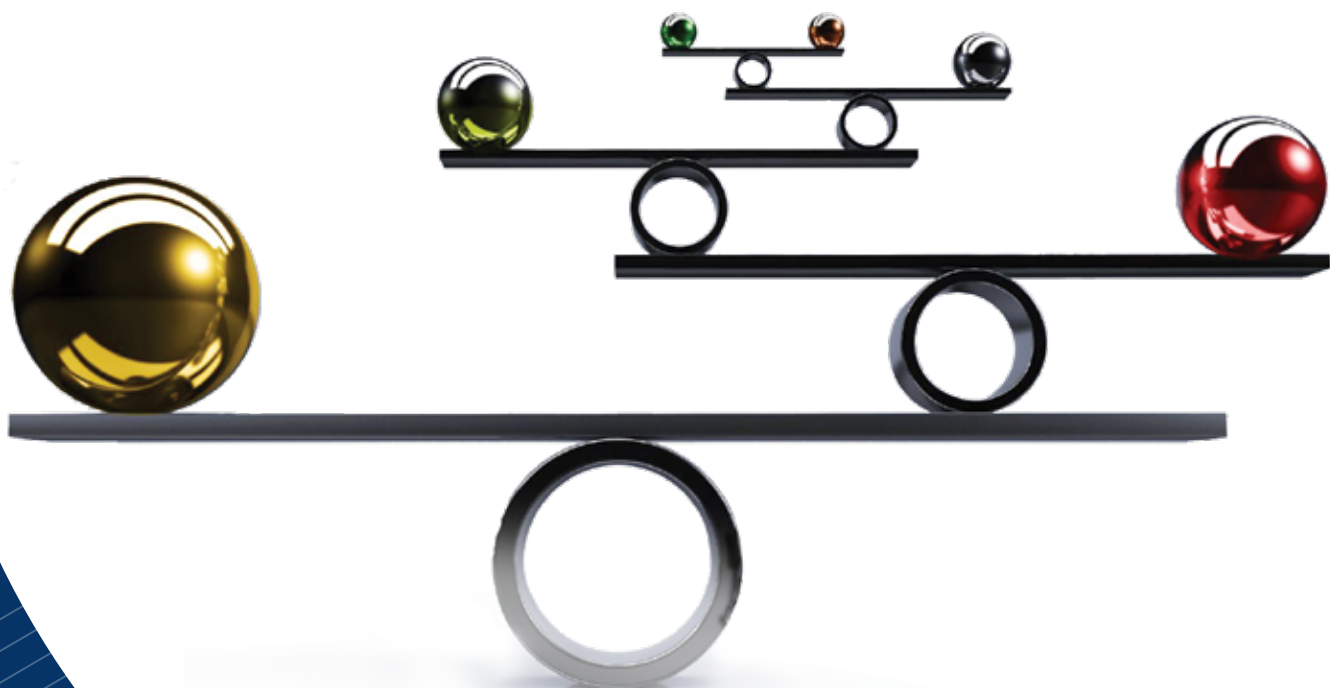
3 KUPITIA BARUA PEPE:

whistleblowing@nmbtz.com

4 KWA KUPIGA SIMU:

kupitia ssnamba za bure zifuatazo, kwa wale wanaopenda kupiga simu:

- 0658 751 000 - Tigo
- 0779751 000 - Zantel
- 0685 751 000 - Airtel
- 0800 751 000 - Vodacom



Taarifa za kifedha

Mahusiano mazuri na wateja wetu na pamoja na kujulikana kama benki ya kitanzania ni kitu muhimu kwenye historia ya benki yetu na ni kitu ambacho kinatuwezesha kuwahudumia wateja wetu bila vikwazo. Tunaufahamu mkubwa wa uchumi Tanzania na dunia kote.

REPORT OF THE DIRECTORS

1 INTRODUCTION

The Directors submit their report together with the audited financial statements for the year ended 31 December 2018, which disclose the state of affairs of NMB Bank Plc (the "Bank") and its subsidiary, Upanga Joint Venture Company Limited (together, the 'Group').

2 INCORPORATION

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

3 VISION

To be the preferred financial services partner in Tanzania.

4 MISSION

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

5 PRINCIPAL ACTIVITIES

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

The Bank is a full service commercial bank incorporated in the United Republic of Tanzania. It is engaged in taking customer deposits, providing credit facilities and offering other commercial banking services. Through its four main business divisions: Retail, Wholesale, Agribusiness and Treasury, the Bank provides a suite of financial services and products to retail customers, farmers, small businesses, Corporates, Institutions and the Government. The Bank has 223 branches, 766 ATMs and 6,800 active agents across the country. The Bank is listed on the Dar es Salaam Stock Exchange in Tanzania.



766 ATMs



223
branches



6,800
Agents



Directors
Report



Credit
Facilities
Division



Retail



Agribusiness



Treasury



Wholesale

REPORT OF THE DIRECTORS

5. PRINCIPAL ACTIVITIES (CONTINUED)

During the year, NMB further reinforced its position as the innovative market leader with an extensive reach. In August 2018, the bank launched its mobile app NMB Klik, a new state-of-the-art App for smart phones providing self-service account opening and the introduction of scan to pay by using QR codes. This is in addition to the USSD functionality that is available to feature phones.

6 DIRECTORS

The Directors of the Bank who were in the office since 1 January 2018 to the date of this report are: -

No	Name	Position	Date of Birth	Nationality	Qualification/ discipline	Date of Appointment/ Resignation
1	Prof. Joseph Semboja	Chairman	24 April 1951	Tanzanian	Economist	Re-appointed on 3 June 2017
2	Albert Jonkergouw	Member	26 January 1958	Dutch	Auditor	Resigned on 2 June 2018
3	Jos van Lange	Member	06 June 1956	Dutch	Economist/ Banker	Re-appointed on 4 June 2016
4	Leonard Mususa	Member	25 September 1953	Tanzanian	Certified Public Accountant	Appointed on 6 June 2015
5	Margaret Ikongo	Member	08 June 1957	Tanzanian	Chartered Insurer	Re-appointed on 3 June 2017
6	Protase Tehingisa	Member	24 May 1947	Tanzanian	Lawyer	Retired on 14 November 2018
7	Mathias Magwanya	Member	3 January 1968	Tanzanian	Auditor	Nominated on 8 November 2017 Appointment ratified on 2 June 2018
8	Ineke Bussemaker	Member	23 February 1958	Dutch	Banker	Appointed on 6 June 2015 Resigned on 31 December 2018
9	George Mulamula	Member	4 April 1956	Tanzanian	Computer Scientist	Appointed on 2 June 2018
10	Christine Glover	Member	29 November 1952	South African	Investment Manager	Appointed on 2 June 2018

7 COMPANY SECRETARY

The Bank's secretary as at 31 December 2018 and during the year was Lilian R. Komwihangiro.

8 CORPORATE GOVERNANCE

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

REPORT OF THE DIRECTORS

8. CORPORATE GOVERNANCE (CONTINUED)

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

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

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

During the year, there were 7 board meetings (3 of which were special meetings). There were also 9 Board Credit Committee meetings, 5 Board Human Resources and Remuneration Committee meetings (1 of which was a special meeting), 9 Board Audit, Risk and Compliance Committee meetings (5 of which were special) and 4 Board Executive Committee meetings.



REPORT OF THE DIRECTORS

8. CORPORATE GOVERNANCE (CONTINUED)

The following table shows the number of Board and Committee meetings held during the year and the attendance by directors:

	DIRECTORS	Board (7)	BARCC (9)	BCC (9)	BHR&RC (5)	BEC (4)
1.	Prof. Joseph Semboja	7	n/a	n/a	n/a	4
2.	Mr. Albert Jonkergouw	3	n/a	4	2	2
3.	Mr. Jos Van Lange	7	8	n/a	n/a	n/a
4.	Mr. Protase Tehingisa	6	n/a	8	5	n/a
5.	Mrs. Margaret Ikongo	7	8	n/a	5	n/a
6.	Mr. Mathias Magwanya	6	n/a	n/a	5	4
7.	Mr. George Mulamula	4	5	4	3	n/a
8.	Mr. Leonard Mususa	7	9	9	n/a	n/a
9.	Ms. Christine Glover	2	n/a	3	2	1
10.	Ms. Ineke Bussemaker	7	9	7	5	3

**n/a – not applicable*

9 REMUNERATION POLICIES

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

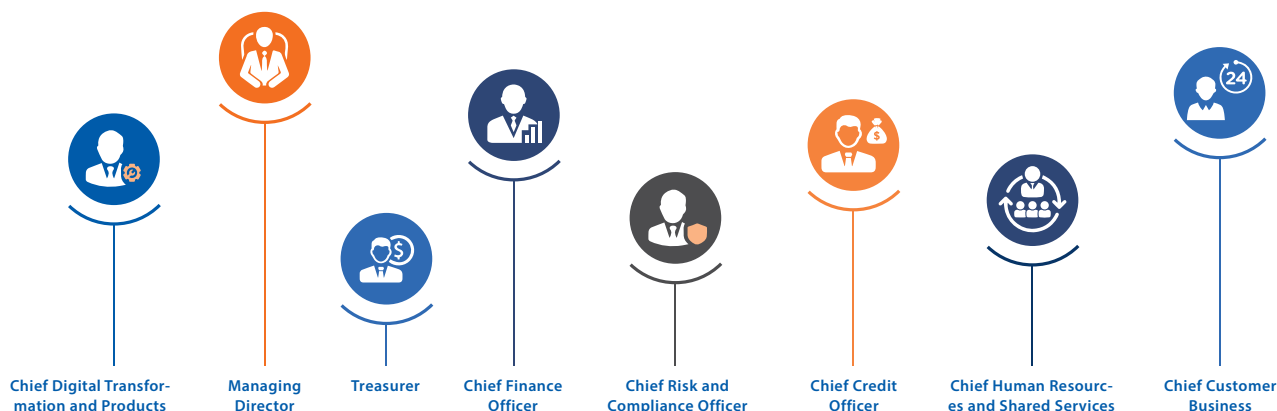
10 ACCOUNTING POLICIES

The accounting policies of the Bank disclosed in Note 3 to the financial statements have been approved by the Board. The accounting policies have been updated to reflect the new and revised International Financial Reporting Standards (IFRSs) in Note 2.

11 MANAGEMENT TEAM

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

REPORT OF THE DIRECTORS



12 INTERNAL AUDIT FUNCTION

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

13 STOCK EXCHANGE INFORMATION

In 2008 the Bank was listed at the Dar es Salaam Stock Exchange. The price per share as at year-end date was TZS 2,340 (2017: TZS 2,750). Market capitalisation as at 31 December 2018 was TZS 1,170 billion (2017: TZS 1,375 billion).

Stock prices changes are affected by the demand and supply of shares in the stock market. Changes in economic conditions, regulations and accounting standards can have an impact on corporate profits, which would result in stock price drops on at least a temporary basis.



14 CAPITAL STRUCTURE

The Bank's capital structure for the year under review is disclosed under note 34 to the financial statements. Details of the capital management, regulatory capital and capital structure are disclosed under Note 6.6.

REPORT OF THE DIRECTORS

15 SHAREHOLDERS OF THE BANK

The total number of shareholders during the year 2018 is estimated to be 17,596 (2017: 17,576). None of the Directors is holding a significant number of shares at the Bank.

The following is a list of shareholders who individually own 0.5% or more of the shares of the Bank.

Name of the Shareholder	%	2018 number of shares	%	2017 number of shares
Cooperatieve Centrale Raiffeisen - Boerenleenbank B.A. "Rabobank Nederland" (Rabobank)	34.9	174,500,000	34.9	174,500,000
The Treasury Registrar	31.8	158,901,800	31.8	158,901,800
National Investment Company Limited (NICOL)	6.6	33,049,520	6.6	33,049,520
Mr Aunali F Rajabali and Sajjad F Rajabali	5.0	25,000,000	5.0	25,000,000
BNYM Re SQM Frontier Africa Master Fund Ltd	1.9	9,566,432	1.9	9,566,432
Morgan Stanley Institutional Fund, Inc -Frontier Markets Portfolio-MGGQ	1.3	6,718,721	1.3	6,718,721
Morgan Stanley Galaxy Fund	1.3	6,427,232	1.3	6,427,232
Banque Pictet and Cie Sa A/C Patrick Schegg	1.0	4,972,700	1.0	4,972,700
Parastatal Pension Fund (PPF)	1.0	4,831,636	1.0	4,831,636
Kuwait Investment Authority	0.7	3,500,000	0.7	3,500,000
Sanlam Centre Sub Saharan Africa Equity Master Fund Class E	0.7	3,400,000	0.7	3,400,000
Duet Africa Opportunities Master Fund	0.6	3,150,000	0.6	3,150,000
Stanbic Nominees Limited	0.6	3,115,338	0.6	3,115,338
TCCIA Investment Company Limited	0.5	2,611,886	0.5	2,611,886
Orbit Securities Co. Ltd ITF WWB Capital Partners, LP.	0.5	2,372,044	0.5	2,372,044
General Public	11.6	57,882,691	11.6	57,882,691
Total	100.0		100.0	500,000,000

REPORT OF THE DIRECTORS

16 STRATEGIC OBJECTIVES

The Bank's objectives that drives its long-term strategic focus is to maintain its leadership in profitability while maintaining its stronghold position in the retail and wholesale market. The Bank has its Medium-Term Plan focusing on three pillars namely deposit mobilization, operational efficiency and business generation, with its strategic objectives focusing on:

- Maintaining a stable and structural deposit flow to sustainably fund the assets;
- Maintain a high quality and diversified loan book with non-performing loans below 5%, to secure a LDR below 75% and comply with BOT liquidity standards;
- Increase non-funded income contribution to total income to 32% by enhancing existing value propositions;
- Lower the cost to serve. Cost to Income Ratio below 56% in the medium term;
- Improve Return on Equity to 20% in the medium term;
- Expand offerings available from agency banking and other channels;
- Become the best in service and product offerings – customer obsessed and insight driven;
- Enhance the digital offering solutions to customers; and
- Create a performance and customer-oriented culture.



REPORT OF THE DIRECTORS

17 FUTURE STRATEGIC PLANS

The core of the Bank's strategy is to provide to our customers relevant and affordable products and services that will enable them to grow and prosper whilst maximizing returns to shareholders. To deliver this, we have over the years invested in world class technology and infrastructure, which allows to provide convenience and accessibility to our customers. These investments have enabled us to significantly expand our reach through our different channels including Agency Banking and Mobile Banking. With 6,800 active agencies as at December 2018, the Bank has the largest Agency Banking network in the country and it serves over 3.2 million customers.

The Bank remains committed to serving and remaining relevant to its customers. It will achieve this by reviewing and enhancing its products and services, as well as reengineering and where possible automating the processes that are used in their delivery. This should ultimately increase operational efficiency, reduce operating costs and increase profitability. The goal is to provide our customers with a superior customer experience and become the benchmark for customer service, affordability and product offerings.

The Bank is invested in the communities in which it operates. It is for this reason that we continuously promote the essence of shared growth with our customers and other stakeholders. We truly want our staff, shareholders and customers to thrive, as we believe that it is only through their success that the Bank can symbiotically continue to prosper as well.



18 MARKET OVERVIEW

Global GDP is estimated to have grown by 3.7% in 2018 compared with 3.8% in 2017. United States attained solid GDP growth of 2.9% largely contributed by strengthened fiscal stimulus. In Europe there was a notable decline of exports resulting from appreciation of the euro and slowing external demand. Brexit uncertainties continued to weaken domestic consumption in the United Kingdom and slowed growth. China also achieved modest growth due to the resilience of domestic demand which helped to offset the impact of exports reduction.

REPORT OF THE DIRECTORS

18. MARKET OVERVIEW (CONTINUED)

The Tanzania economy continued to record strong performance, with real GDP growing by 6.7% in the first three quarters of 2018. The sectors that contributed mostly to the growth were construction, trade and agriculture and manufacturing. Inflation remained low and stable, hovering below the target of 5% contributed by adequate food supply, stable exchange rate and sustained prudence of monetary and fiscal policies. During the year, Bank of Tanzania reduced the discount rate from 9% to 7% emphasizing the continued support for higher credit growth. Reverse repo was mostly used to inject liquidity into the economy supported with Treasury bills operations. Interest rates for overnight interbank market remained moderate, ranging between an average of 1.89% and 2.98%. The value of the Tanzania shilling against the US dollar remained fairly stable which was consistent with prudent monetary policy and streamlined fiscal measures.

In overall, the banking sector remained sound, stable and profitable, with the levels of capital and liquidity above regulatory requirements. Bank of Tanzania instituted measures which aimed at improving credit approval process and contain the level of non-performing loans. The credit to private sector continued to recover and expected to strengthened further on the back of various measures instituted by Bank of Tanzania and continued efforts to improve business environment.

19 PERFORMANCE FOR THE YEAR

2018 Financial Highlights

Statement of financial position



Total assets of the Group increased to TZS 5.7 trillion (2017: TZS 5.5 trillion), this represents a yearly growth of 3%.



The Bank's net loans and advances grew by TZS 465 billion (17%) year on year (YoY), driven by an increase in retail loans particularly SWL/Personal loans and SME loans. This is despite significant write-offs during the year including increase in impairment impacted by adoption of IFRS 9. The growth in loans and advances was offset by decrease in government securities by TZS 180 billion (20%) attributed by yield shrinkage, decrease in placements with banks by TZS 68 billion (28%) and decrease of cash and balance with Bank of Tanzania by TZS 86 billion (7%). The decrease in the liquid assets of the Bank also supported to fund the growth in loans and advances. Assets growth was also funded by increase of customer deposits by TZS 64 billion YoY, Subordinated loan from International Finance Corporation (IFC) amounting to TZS 68 billion and IFC short-term loan worth TZS 40 billion.

REPORT OF THE DIRECTORS

19. PERFORMANCE FOR THE YEAR (2018 FINANCIAL HIGHLIGHTS) (CONTINUED)



There was an increase in Bank's non-earning assets by 12% year on year mainly coming from increase in prepaid expenses, income and deferred tax recoverable by TZS 51 billion, while the property and equipment decreased by TZS 11 billion.

Statement of profit or loss and other comprehensive income



During the year, the Group recorded a net profit of TZS 101 billion (2017: TZS 96 billion), increase of 6% while the Bank earned a net profit of TZS 98 billion (2017: TZS 94 billion), an increase of 4% year on year. This slight increase in profit was attributed to loan impairment charge of TZS 137 billion booked during the year.



The Bank's total income grew 12% year on year to TZS 551 billion. The growth is coming from the Bank's net interest income which increased by 5% mainly as a result of decrease in interest expense by 9% while net fees and other income increased by 23% mainly attributed to loan related fees, Foreign exchange trading followed by other commission income. Impairment charge increased by 5% due to impact of IFRS 9 adoption, non-performing loans on some corporates, MSE and SME loans.



The Bank's operating expenses increased by 15% during the year mainly contributed by increase in branch and other channels operating costs by 9% and increase in depreciation by 84% driven by capitalisation of completed projects during the year.

The Bank's subsidiary, Upanga Joint Venture Company (UJVC) Limited made a profit after tax of TZS 3.4 billion (2017: TZS 2.1 billion). The increase in profit is attributable to decreased interest expense on borrowings. As at 31 December 2018, the total assets were TZS 57 billion (2017: TZS 47 billion); the increase was due to increase in cash and bank balances due to rental advances received.

The audited financial statements for the year are set out on pages 95 to 218

20 CASH FLOW

During the year, the Group's major source of cash flow was from its investing activities which generated TZS 146 billion (2017: utilised TZS 250 billion). This was attributed to net proceeds of TZS 183 billion (2017: TZS 195 billion) generated from investments in government securities and customer deposits generated TZS 43 billion (2017: TZS 535 billion). The major use of the cash flow was investment in on loans and advances TZS 497 billion (2017: source TZS 2 billion), TZS 68 billion (2017: TZS 61 billion) for payment of taxes, TZS 26 billion (2017: TZS 45 billion) investment in fixed assets, TZS 12 billion (2017: TZS 11 billion) investment in software and TZS 32 billion (2017: TZS 52 billion) for dividend payment.

REPORT OF THE DIRECTORS

20. CASHFLOW (CONTINUED)

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

21 DIVIDEND

The Directors propose payment of a dividend of TZS 64 per share, amounting to TZS 32 billion. In 2017, a dividend of TZS 64 per share, amounting to TZS 32 billion was approved and paid.

22 KEY PERFORMANCE INDICATORS FOR BANK

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

			NMB ratios	
Performance indicator	Definition and calculation method	2018	2017	
Return on equity	Net profit/Total equity.	11%	12%	
Return on assets	Net profit/Total assets.	2%	2%	
Cost to income ratio	Total costs/Net income.	59%	58%	
Interest margin on earning assets	Total interest income/ Interest earning assets	15%	17%	
Non - interest income to Gross income	Non - interest income/Total income.	28%	23%	
Gross loans to customers' deposits	Total loans to customers/Total deposits from customers.	78%	68%	
Non - performing loans to gross loans	Non - performing loans/Gross loans and advances.	6%	6%	
Earning assets to total assets	Earning assets/Total assets.	73%	72%	
Growth on total assets	Increase in assets for the year/Total asset opening balance.	3%	11%	
Growth on loans and advances to customers	Increase in Loans and advances /Opening balance of loans and advances.	17%	(0.3) %	
Growth on customer deposits	Increase in customer deposits/Opening balance of customer deposits	1%	14%	
Capital adequacy				
Tier 1 Capital	Risk weighted assets including off balance sheet items/Core Capital	16.5%	16.9%	
Tier 1+Tier 2 Capital	Risk Weighted assets including off balance sheet items/Total Capital	18.5%	17.6%	

REPORT OF THE DIRECTORS

23 TREASURY POLICY

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

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

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

i. Liquidity Management

Liquidity management evaluates the Bank's ability to meet its commitments as they fall due and whilst maintaining market confidence in the market so as to be able to replace funds when they are withdrawn. The Bank's sound and robust liquidity management process, as carried out within the bank and monitored by ALCO, encompasses of the following:

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

REPORT OF THE DIRECTORS

23. TREASURY POLICY (CONTINUED)

i. Liquidity Management (continued)

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

ii. Foreign Exchange risk

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

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

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

iii. Interest Rate risk

Interest Rate risk is the risk that arises from mismatches between the re-pricing dates on interest rate sensitive assets and liabilities in the normal course of business activities. Treasury policy explains the types of interest rate risk together with methods for measuring and managing it. The policy additionally outlines the roles and responsibilities of ALCO and Treasury in their involvement with managing the risk. All these are disclosed both internally via reports to ALCO (monthly) and Board Audit Risk and Compliance Committee (BARCC) on a quarterly basis and publicly through annual financial reports. All borrowings have been disclosed under note 31 and 32 to the financial statements. Interest rate sensitivity analysis is disclosed under note 6.2.2.

iv. Contingency Funding Plan

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

- The points that will trigger implementation of the plan;
- Roles and responsibilities of Management;

REPORT OF THE DIRECTORS

- Team members during phase 1 and phase 2 of the crisis situation as defined in the policy; and
- An updated call tree during the liquidity crisis.

24 PRINCIPAL RISKS AND UNCERTAINTIES

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

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

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including the legal risk. Fraud, whether internal or external, is also a subset of operational risk. The number and value of fraud cases within the bank is quite low when compared to overall customer numbers, balances and transaction volumes. This is due to the Bank being able to implement a number of stringent controls including preventive and detective measures.

Compliance Risk

The risk to earnings and capital arising from violations of, or non-compliance with laws, rules, regulations, internal bank policies and authority levels, prescribed practices and ethical standards. Management continually and robustly ensures that the Bank complies with relevant laws, rules, regulatory requirements and other internal procedures via a number of stringent controls.

Credit Risk

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

ICT Risk

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

Market Risk

The risk of a potential decrease in shareholder's value as a result of adverse changes in the market value

REPORT OF THE DIRECTORS

24. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

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

Liquidity Risk

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

Reputational Risk

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

25 RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

REPORT OF THE DIRECTORS

The Board assessed the internal control systems throughout the financial year ended 31 December 2018 and is of the opinion that they met the accepted criteria.

26 SERIOUS PREJUDICIAL MATTERS

In the opinion of the Directors, there are no serious unfavorable matters that can affect the Bank (2017: None).

27 SOLVENCY

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

28 MAJOR FINANCING TRANSACTIONS

During the year, the Group borrowed TZS 68 billion from IFC at 14.18% as subordinated debt, which was necessary to improve the Bank's Tier II capital and fund asset growth. The borrowing improved the total Capital Ratio by 0.9%. In addition, the Bank borrowed a one-year loan from IFC amounting to USD 17.5 million for funding its loans and advances. The two loans attracted interest expense of TZS 5.8 billion which was charged in the statement of profit or loss and other comprehensive income. The interest rates were fixed, consequently, there is no impact on interest rate changes.

29 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.

30 EMPLOYEES' WELFARE

Management and employees' relationship

There was continued good relationship between employees and management for the year 2018. There were no unresolved complaints received by the Management from the employees during the year. A healthy relationship continues to exist between management and trade unions despite the fact that the main Trade Union has lost majority representation and bargaining power. Staff have been continuously engaged in matters affecting their wellbeing throughout the year and their concerns have been dealt with

REPORT OF THE DIRECTORS

30. EMPLOYEES' WELFARE (CONTINUED)

an utmost importance. The Management is in the final process of establishing Workers Council which will give an additional platform where employees can channel their concerns and advise to the Management.

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

Training facilities

During the year, the Bank spent TZS 2,897 million (2017: TZS 2,809 million) on staff training in order to improve employees' technical skills and hence effectiveness. Training programs have been and are continually being developed to ensure employees are adequately trained at all levels. All employees have some form of annual training to upgrade skills and enhance development.

Medical assistance

All members of staff and their spouses up to a maximum number of four beneficiaries (dependents) for each employee were availed medical services by the Bank through an external service provider. From March 2018 (after moving to NHIF), staff own parents and spouse's parents are accepted under medical insurance.

Financial assistance to staff

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

Persons with disabilities

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

Employees benefit plan

The Bank pays contributions to publicly administered pension plans on mandatory basis, which qualify to be defined contribution plans. The number of employees during the year was 3,450 (2017: 3,371).



REPORT OF THE DIRECTORS

31 GENDER PARITY

At 31 December 2018, the Bank had 3,450 employees (2017: 3,371); out of which 1,824 were male and 1,626 were female (2017: male 1,785, female 1,586).

32 RELATED PARTY TRANSACTIONS

All related party transactions and balances are disclosed in Note 40 to the financial statements.

33 POLITICAL AND CHARITABLE DONATIONS

The Bank did not make any political donations during the year (2017: NIL)





34 RELATIONSHIP WITH STAKEHOLDERS

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

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



35 CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Bank set aside TZS 1,486 million (2017: TZS 1,506 million) to support social economic activities. The funds allocated aim at providing high quality social services in upholding the wellbeing of communities. Through our CSR, we invest in the focus areas of education, health, financial capability and disaster recovery initiatives.

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

REPORT OF THE DIRECTORS

Support is also extended to:

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

Our commitment to creating value to the society through staff initiative is very key. We aim to create a better future for the society through giving back and volunteerism. To date over 3,200 (95%) of the Bank's staff participated in CSR staff initiatives whose support multiplies the impact, restores happiness and helps to empower the disadvantaged groups.

36 AUDITORS

PricewaterhouseCoopers was the auditor of the Bank for the year ended 31 December 2018 and have expressed their willingness to continue in office in accordance with Section 170(2) of the Tanzania Companies Act. Appointment of auditors for the year ending 31 December 2019 will be done at the Annual General Meeting and the process will comply with the requirements of Section 6 of the Banking and Financial Institutions (External Auditors) Regulations, 2014.

BY ORDER OF THE BOARD



Prof. Joseph Semboja

Chairman

29 March 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, No.12 of 2002.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Bank and of the Group and of the profit in accordance with International Financial Reporting Standards (IFRS). The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

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

Signed on behalf of the Board of Directors by:



Prof. Joseph Semboja

Chairman

29 March 2019

DECLARATION OF THE CHIEF FINANCIAL OFFICER

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

It is the duty of a Professional Accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing a true and fair view of the entity's financial position and performance in accordance with applicable International Financial Reporting Standards (IFRS) and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors' as per the Statement of Directors' Responsibility on page 18.

I, Ruth Zaipuna, being the Chief Financial Officer of NMB Bank Plc hereby acknowledge my responsibility of ensuring that consolidated financial statements for the year ended 31 December 2018 have been prepared in compliance with the International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, No.12 of 2002 and Banking and Financial Institutions Act (BFIA), 2006 and its regulations.

I thus confirm that the financial statements give a true and fair view of the financial performance of NMB Bank Plc and its subsidiary for the year ended on 31 December 2018 and its financial position as on that date and that they have been prepared based on properly maintained financial records.



CPA Ruth Zaipuna

Chief Financial Officer

NBAA Membership number: ACPA 1915

29 March 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NMB BANK PLC

REPORT ON THE AUDIT OF THE CONSOLIDATED AND BANK FINANCIAL STATEMENTS

Our opinion

In our opinion, the Consolidated and Bank financial statements give a true and fair view of the Consolidated and Bank financial position of NMB Bank Plc (the Bank) and its subsidiaries (together the Group) as at 31 December 2018, and of the Consolidated and Bank financial performance and Consolidated and Bank cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, No. 12 of 2002.

What we have audited

NMB Bank Plc's Consolidated and Bank financial statements (the financial statements) as set out on pages 25 to 151 comprise:

- the Consolidated and Bank statements of financial position as at 31 December 2018;
- the Consolidated and Bank statements of profit or loss and other comprehensive income for the year then ended;
- the Consolidated and Bank statements of changes in equity for the year then ended;
- the Consolidated and Bank statements of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies.

Basis for opinion

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

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

Independence

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NMB BANK PLC (CONTINUED)

REPORT ON THE AUDIT OF THE CONSOLIDATED AND BANK FINANCIAL STATEMENTS (CONTINUED)

Key audit matter

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

Key audit matter	How our audit addressed the key audit matter
<p>Impairment of loans and advances to customers</p> <p>Management exercises significant judgement using subjective assumptions over both when and how much to record as loan impairment.</p> <p>The Bank adopted IFRS 9 on its mandatory effective date of 1 January 2018. As permitted by IFRS 9, the requirements have been applied retrospectively without restating comparatives.</p> <p>The key changes arising from adoption of IFRS 9 are that the credit losses are now based on expected loss model rather than an incurred loss model. Judgement is applied to determine the appropriate parameters and assumptions used to estimate the provisions in the following areas:-</p>	<ul style="list-style-type: none"> • We tested the reasonableness of the quantitative and qualitative criteria used in the classification of loans and advances.
<ul style="list-style-type: none"> • Quantitative and qualitative criteria for classification of loans and advances based on assessment of factors contributing to significant increase in credit risk and default; 	<ul style="list-style-type: none"> • As the quantitative basis of classification of loans and advances is reliant on information systems, we understood and tested key information technology general and application controls including the accurate calculation of the number of days past due.
<ul style="list-style-type: none"> • Determination of the probability of defaults (both 12 months and lifetime); 	<ul style="list-style-type: none"> • We tested management's application of the qualitative criteria in the classification of loans and advances.
<ul style="list-style-type: none"> • Determination of the forward-looking parameters to be incorporated in the estimation of expected credit losses; and 	<ul style="list-style-type: none"> • We tested the reliability and reasonableness of information used for estimating probability of default and loss given default.
<ul style="list-style-type: none"> • Estimation of the expected cash flows (including from collateral realization) used the determination of the loss given default. 	<ul style="list-style-type: none"> • We tested the reasonableness of the forward-looking parameters considered by management.
<p>The value of the loans and advances to customers is also significant. The detailed disclosures are included in Note 2(b), Note 3(f), Note 4(a), Note 6.1 and Note 20 of the financial statements</p>	<ul style="list-style-type: none"> • We challenged management's basis for establishing the correlation between forward looking parameters and the bank's non-performing loan trends.
	<ul style="list-style-type: none"> • We agreed the collateral values used in the impairment model to valuation reports.
	<ul style="list-style-type: none"> • We tested the reasonableness of the expected cash flows and challenged management's assumptions of recovery estimates for unsecured facilities and regarding recovery costs and recovery periods used to estimate the recoverable amount of collateral for secured facilities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NMB BANK PLC (CONTINUED)

REPORT ON THE AUDIT OF THE CONSOLIDATED AND BANK FINANCIAL STATEMENTS (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises Index to the notes, List of Abbreviations, Corporate Information, Report of the Directors, Statement of Directors' responsibilities and Declaration of the Chief Financial Officer (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and CFO Report and Financial Highlights, Value Added statement, Chairman's report, Managing Director's Report, Business and Operational Review, Sustainability and Corporate Social Responsibility, Corporate governance, and other additional Corporate information, which is expected to be made available to us after that date.

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

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

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

When we read CFO Report and Financial Highlights, Value Added statement, Chairman's report, Managing Director's Report, Business and Operational Review, Sustainability and Corporate Social Responsibility, Corporate governance, and other additional Corporate information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors for the Consolidated and Bank financial statements

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NMB BANK PLC (CONTINUED)

REPORT ON THE AUDIT OF THE CONSOLIDATED AND BANK FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NMB BANK PLC (CONTINUED)

REPORT ON THE AUDIT OF THE CONSOLIDATED AND BANK FINANCIAL STATEMENTS (CONTINUED)

disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Bank to cease to continue as a going concern.

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NMB BANK PLC (CONTINUED)

REPORT ON THE AUDIT OF THE CONSOLIDATED AND BANK FINANCIAL STATEMENTS (CONTINUED)

Report on other legal and regulatory requirements

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

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



Cletus Kiyuga ACPA-PP No. 1981

For and on behalf of PricewaterhouseCoopers

Certified Public Accountants

Dar es Salaam

Date: 29 March 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2018 TZS' Millions	2017 TZS' Millions
Interest and similar income	7(a)	600,555	585,512
Interest and similar expense	8	(109,615)	(120,291)
Net interest income		490,940	465,221
Impairment charge – loans and advances	20(b)	(135,256)	(130,996)
Impairment charge – off-balance sheet exposures	6.1.5 (e)	(2,049)	-
Total impairment charge		(137,305)	(130,996)
Net interest income after impairment		353,635	334,225
Fee and commission income	9	203,003	154,880
Fee and commission expense	9	(36,721)	(19,543)
Net fee and commission income		166,282	135,337
Trading income		1,033	-
Foreign exchange income	10(a)	20,861	17,389
Other income	11	7,647	4,155
Total operating income		549,458	491,106
Employee benefits expense	12	(166,149)	(154,686)
Other operating expenses	13(a)	(183,043)	(165,378)
Depreciation and amortization	14(a)	(55,904)	(31,228)
Total operating expenses		(405,096)	(351,292)
Profit before income tax		144,362	139,814
Income tax expense	15(a)	(43,401)	(44,205)
Profit for the year		100,961	95,609
Attributable to:			
Owners of the Bank		100,510	95,320
Non-controlling interests		451	289
Profit for the year		100,961	95,609
Other comprehensive income, net of tax			
Items that may subsequently be reclassified to profit or loss:			
Fair value gain on financial assets at FVOCI – net of tax	34 (v)	182	67
Total comprehensive income for the year		101,143	95,676
Attributable to:			
Owners of the Bank		100,692	95,387
Non-controlling interests		451	289
Total comprehensive income for the year		101,143	95,676
Basic and diluted earnings per share (TZS)	16(a)	201.02	190.64

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

	Note	2018 TZS' Millions	2017 TZS' Millions
Interest and similar income	7(b)	601,638	586,992
Interest and similar expense	8	(109,615)	(120,291)
Net interest income		492,023	466,701
Impairment charge – loans and advances	20(b)	(135,256)	(130,996)
Impairment charge – off-balance sheet exposures	6.1.5 (e)	(2,049)	-
Total Impairment charge		(137,305)	(130,996)
Net interest income after impairment		354,718	335,705
Fee and commission income	9	203,003	154,880
Fee and commission expense	9	(36,721)	(19,543)
Net fee and commission income		166,282	135,337
Trading income		1,033	-
Foreign exchange income	10(b)	20,914	17,759
Other income	11	7,647	4,155
Total operating income		550,594	492,956
Employee benefits expense	12	(166,149)	(154,686)
Other operating expenses	13(b)	(188,871)	(171,110)
Depreciation and amortization	14(b)	(53,933)	(29,257)
Total operating expenses		(408,953)	(355,053)
Profit before tax		141,641	137,903
Income tax expense	15(b)	(43,978)	(44,409)
Profit for the year		97,663	93,494
Other comprehensive income, net of tax			
<i>Items that may subsequently be reclassified to profit or loss:</i>			
Fair value gain on financial assets at FVOCI – net of tax	34 (v)	182	67
Total comprehensive income for the year		97,845	93,561
Basic and diluted earnings per share (TZS) 16(a)		195.33	186.99

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

	Note	2018 TZS' Millions	2017 TZS' Millions
Assets			
Cash and balances with Bank of Tanzania	18	1,070,422	1,156,322
Placements and balances with other banks	19	174,391	242,731
Loans and advances to customers	20(a)	3,241,401	2,771,732
Investment in government securities			
- At amortised cost	21(a)	724,943	919,099
- At FVOCI	21(b)	15,242	870
Equity investment at FVOCI	22(a)	2,920	1,740
Other assets	23(a)	84,755	64,733
Current tax assets	15(c)	13,066	1,905
Property and equipment	24(a)	265,700	277,156
Intangible assets	25	21,241	19,901
Deferred tax assets	26(a)	62,132	43,338
Total assets		5,676,213	5,499,527
Liabilities			
Balances due to other banks	28	20,770	149
Deposits from customers	27(a)	4,315,220	4,272,058
Other liabilities	29(a)	107,149	87,994
Provisions	30	3,519	2,784
Borrowings	31	301,388	336,930
Subordinated debt	32	70,972	-
Total liabilities		4,819,018	4,699,915
Capital and reserves			
Share capital	34 (i)	20,000	20,000
Retained earnings		799,128	749,880
General reserve	34 (iv)	33,725	26,849
Fair valuation reserve	34 (v)	881	(127)
Capital and reserves attributable to owners of the parent		853,734	796,602
Non-controlling interests		3,461	3,010
Total equity		857,195	799,612
Total equity and liabilities		5,676,213	5,499,527

The financial statements on pages 95 to 218 were approved and authorised for issue by the Board of directors and were signed on its behalf by:



Prof. Joseph Semboja
Chairman

29 March 2019

BANK'S STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

	Note	2018 TZS' Millions	2017 TZS' Millions
Assets			
Cash and balances with Bank of Tanzania	18	1,070,422	1,156,322
Placements and balances with other banks	19	174,391	242,731
Loans and advances to customers	20(b)	3,251,794	2,787,048
Investment in government securities			
- At amortised cost	21(a)	724,943	919,099
- Fair value through other comprehensive income	21(b)	15,242	870
Equity investment at FVOCI	22(a)	2,920	1,740
Other assets	23(b)	78,368	56,880
Investment in subsidiary	22(b)	39,639	39,639
Current tax assets	15(d)	13,188	1,923
Property and equipment	24(b)	227,607	237,090
Intangible assets	25	21,241	19,901
Deferred tax assets	26(b)	61,229	43,116
Total assets		5,680,984	5,506,359
Liabilities			
Deposit due to other banks	28	20,770	149
Deposits from customers	27(b)	4,327,607	4,272,149
Other liabilities	29(b)	93,674	85,578
Provisions	30	3,519	2,784
Borrowings	31	301,388	336,930
Subordinated debt	32	70,972	-
Total liabilities		4,817,930	4,697,590
Capital and reserves			
Share capital	34	20,000	20,000
Retained earnings		808,448	762,047
General Reserve	34	33,725	26,849
Fair valuation reserve	34	881	(127)
Total equity		863,054	808,769
Total equity and liabilities		5,680,984	5,506,359

The financial statements on pages 95 - 218 were approved and authorised for issue by the Board of directors and were signed on its behalf by:



Prof. Joseph Semboja
Chairman
29 March 2019

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to owners of the parent

	Share capital	Retained earnings	Fair valuation reserve	*General Banking Risk Reserve	**General Reserve	Total	Non-controlling interest	Total equity
	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions
At 31 December 2017	20,000	749,880	(127)	-	26,849	796,602	3,010	799,612
Changes on initial application of IFRS 9 (Note 2)	-	(12,386)	826	-	-	(11,560)	-	(11,560)
At 1 January 2018	20,000	737,494	699	-	26,849	785,042	3,010	788,052
Profit for the year	-	100,510	-	-	-	100,510	451	100,961
<i>Other comprehensive income (OCI)</i>								
Gain of fair valuation	-	-	260	-	-	260	-	260
Deferred tax on OCI	-	-	(78)	-	-	(78)	-	(78)
Total comprehensive income	-	100,510	182			100,692	451	101,143
Transfer to General Reserve	-	(6,876)	-	-	6,876	-	-	-
<i>Transactions with owners</i>								
Dividends paid for the year 2017	-	(32,000)	-	-	-	(32,000)	-	(32,000)
At 31 December 2018	20,000	799,128	881	-	33,725	853,734	3,461	857,195

*General Banking Risk 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 prudential guidelines. This reserve is not available for distribution.

** General Reserve represents 1% provision charged on all current credit accommodation and other risk assets as required by the Bank of Tanzania regulations, 2014. General Reserve is created by transferring the amount from retained earnings. This reserve is not available for distribution.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Attributable to owners of the parent

	Share capital	Retained earnings	Fair valuation reserve	*General Banking Risk Reserve	**General Reserve	***Other reserve	Total	Non-controlling interest	Total equity
	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions
At 31 January 2017	<u>20,000</u>	<u>707,334</u>	<u>(194)</u>	<u>12,972</u>	<u>26,385</u>	<u>(13,282)</u>	<u>753,215</u>	<u>2,721</u>	<u>755,936</u>
Profit for the year	-	95,320	-	-	-	-	95,320	289	95,609
Other comprehensive income (OCI)									
Gain of fair valuation	-	-	95	-	-	-	95	-	95
Deferred tax on OCI	-	-	(28)	-	-	-	(28)	-	(28)
Total comprehensive income	-	95,320	67	-	-	-	95,387	289	95,676
Transfer from general banking risk reserves	-	12,972	-	(12,972)	-	-	-	-	-
Transfer to general reserve	-	(464)	-	-	464	-	-	-	-
Reclassification of reserve	-	(13,282)	-	-	-	13,282	-	-	-
Transactions with owners									
Dividends paid for the year 2016	-	(52,000)	-	-	-	-	(52,000)	-	(52,000)
At 31 December 2017	<u>20,000</u>	<u>749,880</u>	<u>(127)</u>	<u>-</u>	<u>26,849</u>	<u>-</u>	<u>796,602</u>	<u>3,010</u>	<u>799,612</u>

*General Banking Risk 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 prudential guidelines. This reserve is not available for distribution.

** General Reserve represents 1% provision charged on all current credit accommodation and other risk assets as required by the Bank of Tanzania regulations, 2014. General Reserve is created by transferring the amount from retained earnings. This reserve is not available for distribution.

***Other reserve represents the difference between the fair value of the consideration paid with respect to acquisition of additional shares in Ohio Street Properties Limited and net assets of acquired interests. In 2017 the amount was reclassified to retained earnings.

BANK'S STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained earnings	Fair valuation reserve	*General Banking Risk reserve	**General reserve	Total
	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions
At 31 December 2017	20,000	762,047	(127)	-	26,849	808,769
Changes on initial application of IFRS 9 (Note 2)	-	(12,386)	826	-	-	(11,560)
At 1 January 2018	20,000	749,661	699	-	26,849	797,209
Comprehensive income						
Profit for the year	-	97,663	-	-	-	97,663
<i>Other comprehensive income (OCI)</i>						
Gain of fair valuation	-	-	260	-	-	260
Deferred tax on OCI	-	-	(78)	-	-	(78)
Total comprehensive income	-	97,663	182	-	-	97,845
Transfer to General Reserve	-	(6,876)	-	-	6,876	-
Transactions with owners						
Dividends paid for the year 2017	-	(32,000)	-	-	-	(32,000)
At 31 December 2018	20,000	808,448	881	-	33,725	863,054
At 1 January 2017	20,000	708,045	(194)	12,972	26,385	767,208
Comprehensive income						
Profit for the year	-	93,494	-	-	-	93,494
<i>Other comprehensive income (OCI)</i>						
Gain of fair valuation	-	-	95	-	-	95
Deferred tax on OCI	-	-	(28)	-	-	(28)
Total comprehensive income	-	93,494	67	(12,972)	464	93,561
Transfer from General Banking Risk Reserve	-	12,972	-	(12,972)	-	-
Transfer to General Reserve	-	(464)	-	-	464	-
Transactions with owners						
Dividends paid for the year 2016	-	(52,000)	-	-	-	(52,000)
At 31 December 2017	20,000	762,047	(127)	-	26,849	808,769

*General Banking Risk 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 prudential guidelines. This reserve is not available for distribution.

** General Reserve represents 1% provision charged on all current credit accommodation and other risk assets as required by the Bank of Tanzania

CONSOLIDATED STATEMENT OF CASH FLOWS

regulations.

	Note	2018 TZS' Millions	2017 TZS' Millions
Cash (utilised in)/ generated from operations	36(a)	(213,710)	701,199
Tax paid	15(c)	(68,480)	(61,072)
Net cash (utilised in)/ generated from operations		(282,190)	640,127
Cash flows from investing activities			
Proceeds from government securities		791,522	691,669
Investment in government securities		(608,848)	(886,571)
Purchase of property and equipment	24(a)	(25,530)	(45,295)
Purchase of intangible assets	25	(11,930)	(10,550)
Proceeds on disposal of property and equipment		365	223
Net cash generated from/ (utilised in) investing activities		145,579	(250,524)
Cash flows from financing activities			
Proceeds received from borrowings		114,565	50,428
Principal paid on borrowings		(83,730)	(66,612)
Interest paid on borrowings		(28,765)	(24,085)
Dividends paid	17	(32,000)	(52,000)
Net cash used in financing activities		(29,930)	(92,269)
Net (decrease) / increase in cash and cash equivalents		(166,541)	297,334
Cash and cash equivalents at beginning of the year		1,002,394	697,580
Effect of movement in foreign exchange		6,861	7,480
Cash and cash equivalents end of the year	35	842,714	1,002,394
Analysis of cash and cash equivalents at end of the year:			
Cash in hand		402,709	358,322
Balances with Bank of Tanzania (excluding SMR)		265,614	401,341
Deposits and balances due from banking institutions		174,391	242,731
		842,714	1,002,394



BANK'S STATEMENT OF CASH FLOWS

	Note	2018 TZS' Millions	2017 TZS' Millions
Cash (utilised in)/ generated from operations	36(b)	(213,710)	701,199
Tax paid	15(c)	(68,480)	(61,072)
Net cash (utilised in)/ generated from operations		(282,190)	640,127
Cash flows from investing activities			
Proceeds from government securities		791,522	691,669
Investment in government securities		(608,848)	(886,571)
Purchase of property and equipment	24(b)	(25,530)	(45,295)
Purchase of intangible assets	25	(11,930)	(10,550)
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Deposits and balances due from banking institutions		174,391	242,731
		842,714	1,002,394

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 REPORTING ENTITY

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

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

2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

(a) Basis of preparation

The consolidated and Bank financial statements of NMB Bank Plc have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The Consolidated and Bank financial statements have been prepared under the historical cost convention, as modified by the revaluation of debt and equity instruments designated at fair value through other comprehensive income.

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

(b) Changes in accounting policy and disclosures

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

The following standards and interpretations became effective in the current year and were relevant to the Group and had material impact on the amounts reported in these financial statements.

The Group has adopted IFRS 9 as issued by the International Accounting Standards Board (IASB) in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognized in the financial statements.

As permitted by the transitional provisions of IFRS 9, the Group elected not restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognized in the opening retained earnings and other reserves of the current period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

Consequently, for notes disclosures, the consequential amendments to IFRS 7 disclosures have also only been applied to the current period. The comparative period notes disclosure repeats those disclosures made in the prior year. The adoption of IFRS 9 has resulted in changes in the Group and Bank's accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'.

Set out below are disclosures relating to the impact of the adoption of IFRS 9 on the Group and Bank. Further details of the specific IFRS 9 accounting policies applied in the current period (as well as the previous IAS 39 accounting policies applied in the comparative period) are described in more detail in summary of accounting policies.

Classification and measurement of financial instruments

Financial assets	Measurement category	IAS 39 Carrying amount	Measurement category	IFRS 9 Carrying amount
GROUP (Amounts in TZS Millions)				
Placements and balances with other banks	Amortised cost (Loan and receivables)	242,731	Amortised cost	242,731
Loans and advances to customers	Amortised cost (Loan and receivables)	2,771,732	Amortised cost	2,756,991
Investment in government securities:	Loans and receivables	422,732	Amortised cost	422,732
	Held to maturity	496,367	Amortised cost	496,367
	Available for sale	870	FVOCI	870
	Amortised cost (Loan and receivables)	56,880	Amortised cost	56,880
Other assets (excluding prepayment)				
Equity Investments	FVOCI (Available for sale)	1,740	FVOCI	2,920
BANK (Amounts in TZS Millions)				
Placements and balances with other banks	Amortised cost (Loan and receivables)	242,731	Amortised cost	242,731
Loans and advances to customers	Amortised cost (Loan and receivables)	2,787,048	Amortised cost	2,772,307
Investment in government securities:	Loans and receivables	422,732	Amortised cost	422,732
	Held to maturity	496,367	Amortised cost	496,367
	Available for sale	870	FVOCI	870
	Amortised cost (Loan and receivables)	32,340	Amortised cost	32,340
Other assets (excluding prepayment)				
Equity Investments	FVOCI (Available for sale)	1,740	FVOCI	2,920

There were no changes to the classification and measurement of financial liabilities, other than to changes in the fair value of financial liabilities designated at fair value through profit or loss that are attributable to changes in the instrument's credit risk, which are now presented in other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

The total impact on the Group and Bank's retained earnings and fair valuation reserve as at 1 January 2018 is as follows;

	Group TZS Millions	Bank TZS Millions
Retained earnings at 31 December 2017 (IAS 39)	749,880	762,047
Increase in provision for loans and advances to customers	(14,741)	(14,741)
Provision for off-balance sheet exposures	(2,953)	(2,953)
Increase in deferred tax assets relating to impairment provisions	5,308	5,308
Net impact on retained earnings from adoption of IFRS 9 on 1 January 2018	(12,386)	(12,386)
Retained earnings after adoption of IFRS 9	737,494	749,661
Fair valuation reserve at 31 December 2017	(127)	(127)
Increase in fair valuation reserve resulting from re-measurement of equity instruments at FVOCI	1,180	1,180
Increase in deferred tax assets relating fair valuation gain	(354)	(354)
Fair valuation reserve after adoption of IFRS 9	699	699

Reconciliation of statement of financial position balances from IAS 39 to IFRS 9

The Group performed a detailed analysis of its business model for managing financial assets and analysis of their cash flow characteristics.

The following table reconciles the carrying amounts of financial assets, from their previous measurement category in accordance with IAS 39 to their new measurement categories upon transition to IFRS 9 on 1 January 2018:

GROUP

Amounts in TZS Millions	IAS 39 carrying amount 31 December 2017	Re classifications	Re-measurements	IFRS 9 carrying amount 1 January 2018
Amortised Cost				
Cash and balances with Bank of Tanzania				
Opening balance under IAS 39 and closing balance under IFRS 9	1,156,322	-	-	1,156,322
Placements and balances with other banks				
Opening balance under IAS 39 and closing balance under IFRS 9	242,731	-	-	242,731
Loans and advances to customers				
Opening balance under IAS 39	2,771,732	-	-	-
Re-measurement: ECL allowance	-	-	(14,741)	-
Closing balance under IFRS 9	-	-	-	2,756,991

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

Amounts in TZS Millions	IAS 39 carrying amount 31 December 2017	Re classifications	Re-measurements	IFRS 9 carrying amount 1 January 2018
Investment in Government securities- Amortised cost				
Opening balance under IAS 39	-	-	-	-
Addition: From financial assets held as loans and receivables	-	422,732	-	-
Addition: From financial assets held to maturity	-	496,367	-	-
Closing balance under IFRS 9				919,099
Investment in government securities – Loans and receivables				
Opening balance under IAS 39	422,732	-	-	-
Subtraction: To amortised cost (IFRS 9)	-	(422,732)	-	-
Closing balance under IFRS 9				-
Investment in government securities – Held to maturity				
Opening balance under IAS 39	496,367	-	-	-
Subtraction: To amortised cost (IFRS 9)	-	(496,367)	-	-
Closing balance under IFRS 9				-
Other assets (excluding prepayments)				
Opening balance under IAS 39 and closing balance under IFRS 9	40,116	-	-	40,116
Total financial assets measured at amortised cost	5,130,000	-	(14,741)	5,115,259
Fair Value through other comprehensive income (FVOCI)				
Investment in government –(debt instruments)				
Opening balance under IAS 39	-			
Addition: From available for sale (IAS 39)	-	870		
Closing balance under IFRS 9	-	-		870
Investment in government securities – FVOCI (equity instruments)				
Opening balance under IAS 39				
Addition: From available for sale (IAS 39) -Designated		1,740		
Re-measurement of equity instruments at FVOCI			1,180	
Closing balance under IFRS 9				2,920
Investment securities – Available for sale financial assets				
Opening Balance under IAS 39	2,610			
Subtraction: To FVOCI- debt instruments		(870)		
Subtraction: To FVOCI- equity instruments		(1,740)		
Closing balance under IFRS 9		-		-
Total financial assets measured at FVOCI	2,610	-	1,180	3,790
Financial liabilities at amortised cost				
Other liabilities	76,565	-	2,953	79,518

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

Bank

Amounts in TZS Millions	IAS 39 carrying amount 31 December 2017	Re classifications	Re- measurements	IFRS 9 carrying amount 1 January 2018
Amortised Cost				
Cash and balances with Bank of Tanzania				
Opening balance under IAS 39 and closing balance under IFRS 9	1,156,322	-	-	1,156,322
Placements and balances with other banks				
Opening balance under IAS 39 and closing balance under IFRS 9	242,731	-	-	242,731
Loans and advances to customers				
Opening balance under IAS 39	2,787,048	-	-	-
Re-measurement: ECL allowance	-	-	(14,741)	-
Closing balance under IFRS 9	-	-	-	2,772,307
Investment in Government securities- Amortised cost				
Opening balance under IAS 39	-	-	-	-
Addition: From financial assets held as loans and receivables	-	422,732	-	-
Addition: From financial assets held to maturity	-	496,367	-	-
Closing balance under IFRS 9	-	-	-	919,099
Investment in government securities – Loans and receivables				
Opening balance under IAS 39	422,732	-	-	-
Subtraction: To amortised cost (IFRS 9)	-	(422,732)	-	-
Closing balance under IFRS 9	-	-	-	-
Investment in government securities – Held to maturity				
Opening balance under IAS 39	496,367	-	-	-
Subtraction: To amortised cost (IFRS 9)	-	496,367	-	-
Closing balance under IFRS 9	-	-	-	-
Other assets (excluding prepayments)				
Opening balance under IAS 39 and closing balance under IFRS 9	32,340	-	-	32,340
Total financial assets measured at amortised cost	5,137,540	-	(14,741)	5,122,799

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

Amounts in TZS Millions	IAS 39 carrying amount 31 December 2017	Re classifications	Re- measurements	IFRS 9 carrying amount 1 January 2018
Fair Value through other comprehensive income (FVOCI)				
Investment in government - (debt instruments)				
Opening balance under IAS 39	-			
Addition: From available for sale (IAS 39)	-	870		
Closing balance under IFRS 9	-	-		870
Investment in government securities – FVOCI (equity instruments)				
Opening balance under IAS 39				
Addition: From available for sale (IAS 39) - Designated		1,740		
Re-measurement of equity instruments at FVOCI			1,180	
Closing balance under IFRS 9				2,920
Investment securities – Available for sale financial assets				
Opening Balance under IAS 39	2,610			
Subtraction: To FVOCI - debt instruments		(870)		
Subtraction: To FVOCI - equity instruments		(1,740)		
Closing balance under IFRS 9		-		-
Total financial assets measured at FVOCI	2,610	-	1,180	3,790
Financial liabilities at amortised cost				
Other liabilities	77,777	-	2,953	80,730

Reclassifications from retired categories with no change in measurement

The following debt instruments have been reclassified to new categories under IFRS 9, as their previous categories under IAS 39 were 'retired' with no changes to their measurement basis:

- i. Those previously classified as available for sale and now classified as measured at FVOCI

Government Securities

After assessing its business model for government securities within the Group's liquidity portfolio, which are mostly held to collect the contractual cash flows, the Group has identified certain securities which are managed separately and for which the past practice has been (and the Group's intention remains) to hold to collect the contractual cash flows and sell. Consequently, the Group assessed that the appropriate business model for this group of securities is held to collect and sell. These securities, which amounted to TZS 870 million and which were previously classified as available for sale, were classified as Fair value through Other Comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

Designated of equity instruments at FVOCI

The Group has elected to irrevocably designate strategic investment with Tanzania Mortgage Refinance Company Limited (TMRC) of TZS 1,740 million in a small portfolio of non-trading equity securities at FVOCI as permitted under IFRS 9. These securities were previously classified as available for sale. The securities have now been re-measured at fair value to TZS 2,920 million. The changes in fair value of such securities will no longer be reclassified to profit or loss when they are disposed.

ii. Those previously classified as held to maturity and loans and receivables and now classified as measured at amortised cost.

Apart from Treasury bonds which were previously classified as held to maturity, all the remaining financial assets were classified as loans and receivables.

Reconciliation of impairment allowance from IAS 39 to IFRS 9

The following table reconciles the period's closing impairment allowance measured in accordance with the IAS 39 incurred loss model to the new impairment allowance measured in accordance with the IFRS 9 expected loss model at 1 January 2018:

Measurement category	Loan Loss allowance under IAS 39	Reclassification	Re-measurements	Loan loss allowance under IFRS 9
Loan and receivables (IAS 39) /Financial assets at amortised cost (IFRS 9)				
Cash and balances with the Bank of Tanzania	-	-	-	-
Placements and balances with other banks	-	-	-	-
Investment in government securities	-	-	-	-
Loans and advances to customers	104,949	-	14,741	119,690
Other assets	-	-	-	-
Total	104,949	-	14,741	119,690
Held to maturity (IAS 39) /Financial assets at amortised cost (IFRS 9)				
Investment in government securities	-	-	-	-
Available for sale financial instruments (IAS 39)/Financial assets at FVOCI (IFRS 9)				
Investment in government securities	-	-	-	-
Loan commitments and financial guarantees contracts				
Off balance items in the scope of IFRS 9	-	-	2,953	2,953

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

Impact on Capital

The Bank of Tanzania has issued guidelines on transition requirements for the implementation of IFRS 9 that require in the first adoption, when IFRS 9 impairment is greater than BOT provision, for the purpose of computing core capital, banks and financial institutions shall spread the excess impairment equally over three years. See note 6.6.

The following standards and interpretations became effective from 1 January 2018 and were relevant to the Group but had no material impact on the amounts reported in these financial statements.

Title	Key requirement
IFRS 15 Revenue from contracts with customers and associated amendments to various other standards	<p>The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18, which covers contracts for goods and services, and IAS 11, which covers construction contracts.</p> <p>The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.</p> <p>A new five-step process must be applied before revenue can be recognised:</p> <ul style="list-style-type: none"> • identify contracts with customers • identify the separate performance obligation • determine the transaction price of the contract • allocate the transaction price to each of the separate performance obligations, and • recognise the revenue as each performance obligation is satisfied. <p>Key changes to current practice are:</p> <ul style="list-style-type: none"> • Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. • Revenue may be recognised earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc.) – minimum amounts must be recognised if they are not at significant risk of reversal.
	<p>The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.</p> <p>There are new specific rules on licenses, warranties, non-refundable upfront fees and, consignment arrangements, to name a few. As with any new standard, there are also increased disclosures.</p> <p>These accounting changes may have flow-on effects on the entity's business practices regarding systems, processes and controls, compensation and bonus plans, contracts, tax planning and investor communications.</p> <p>Entities will have a choice of full retrospective application, or prospective application with additional disclosures.</p> <p>In nearly all cases the Group's pattern of revenue recognition under previous accounting policies is consistent with the requirements of IFRS 15, however, while certain income streams from LCs and guarantees differ in pattern of recognition, the differences were not material. Thus, apart from disclosure requirements, the standard did not have a significant impact to the Group.</p>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

Title	Key requirement
Transfers of Investment Property – Amendments to IAS 40	<p>The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer. The list of evidence for a change of use in the standard was re-characterised as a non-exhaustive list of examples to help illustrate the principle.</p> <p>The Board provided two options for transition:</p> <ul style="list-style-type: none"> • Prospectively, with any impact from the reclassification recognised as adjustment to opening retained earnings as at the date of initial recognition, or • Retrospectively - only permitted without the use of hindsight. <p>Additional disclosures are required if an entity adopts the requirements prospectively.</p>
Annual improvements 2014-2016 cycle	<p>The following improvements were finalised in December 2016:</p> <ul style="list-style-type: none"> • IFRS 1 - deleted short-term exemptions covering transition provisions of IFRS 7, IAS 19 and IFRS 10, which are no longer relevant. • IAS 28 - clarifies that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition.
Interpretation 22 Foreign Currency Transactions and Advance Consideration	<p>The interpretation clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts.</p> <p>For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability).</p> <p>If there are multiple payments or receipts for one item, a date of transaction should be determined as above for each payment or receipt.</p> <p>Entities can choose to apply the interpretation:</p> <ul style="list-style-type: none"> • retrospectively for each period presented • prospectively to items in scope that are initially recognised on or after the beginning of the reporting period in which the interpretation is first applied, or prospectively from the beginning of a prior reporting period presented as comparative information

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

Title	Key requirements	Effective Date
IFRS 16 Leases	<p>IFRS 16 was issued in January 2016. It will result in almost all leases being recognized on the statement of financial position by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases.</p> <p>The Group has set up a project team which has reviewed all of the Group's leasing arrangements over the last year in light of the new lease accounting rules in IFRS 16. The standard will affect primarily the accounting for the Group's operating leases.</p>	<p>1 January 2019</p> <p>Early adoption is permitted only if IFRS 15 is adopted at the same time</p>
	<i>Impact assessment:</i>	
	<p>As at the reporting date, the Group had non-cancellable operating lease commitments of TZS 425 billion, see note 38 (d).</p> <p>For the remaining lease commitments, the Group expects to recognize right-of-use assets of approximately TZS 125 billion on 1 January 2019, lease liabilities of TZS 113 billion (after adjustments for prepayments and accrued lease payments recognized as at 31 December 2018) and deferred tax assets of TZS 1.3 billion. Overall, total equity will be approximately TZS 3 billion lower. The Group expects that net profit before tax will decrease by approximately TZS 1 billion for 2019 as a result of adopting the new rules.</p> <p>Based on the assessment undertaken to date, the total estimated adjustment of the adoption of IFRS 16 on the statement of financial position will result into decrease in Retained Earnings by TZS 3 billion or 0.4% and increase in Risk Weighted Assets by TZS 126 billion due to creation of ROU asset of TZS 125 billion and deferred tax asset of TZS 1.3 billion. These are expected to reduce the Capital adequacy ratio by 0.5%.</p> <p>Operating cash flows will increase and financing cash flows decrease by approximately TZS 18 billion as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.</p> <p>The Group's activities as a lessor are not material and hence the Group does not expect any significant impact on the financial statements.</p> <p>The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).</p>	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

<p>Interpretation 23 <i>Uncertainty over Income Tax Treatments</i></p>	<p>The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:</p> <ul style="list-style-type: none"> • how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty; • that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, ie that detection risk should be ignored; • that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment; • that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty; and • that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements. <p>While there are no new disclosure requirements, upon adoption entities are Group will continue with the general requirement to provide information about judgements and estimates made in preparing the financial statements. The Group will thus be required to provide information about judgements and estimates made in determination of liabilities arising from uncertain tax positions.</p>	<p>1 January 2019</p>
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There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Bank's Management Team, which is chief operating decision maker.

(b) Principles of consolidation and equity accounting

The consolidated financial statements incorporate the financial statements of the Bank and an entity controlled by the Bank (its subsidiary). The financial statements of the Bank and its subsidiary are made up to 31 December 2018.

i. Subsidiaries

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

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

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

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

ii. Changes in ownership interests in subsidiaries without change of control

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

iii. *Disposal of subsidiaries*

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

iv. *Separate financial statements*

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

(c) Interest income and expense

Accounting policies applicable in current period under IFRS 9

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

- I. Purchased or originated credit-impaired (POCI) financial assets, for which the original credit – adjusted effective is applied to the amortised cost of the financial asset.
- II. Financial assets that are not 'POCI' but have subsequently become credit-impaired (or stage 3), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).

Accounting policies applicable in prior period under IAS 39

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

(c) Interest income and expense (continued)

or financial liability. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

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

(d) Fee and commission income and expense

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

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

(e) Foreign currency translation

i. Functional and presentation currency

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

ii. Transactions and balances

Foreign currency transactions are translated into Tanzania Shillings using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currency are translated with the closing rate as at the reporting date. Foreign exchange gains and losses resulting from the settlement of

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

(f) Financial assets and financial liabilities

Accounting policies applicable in current period under IFRS 9

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instruments. Regular way purchases and sales of financial assets are recognised on trade – date on which the group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus in the case of a financial asset or financial liability not a fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debts instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

- (a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
- (b) In all other cases, the difference is deferred and the timing or recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement

Financial assets

i. Classification and subsequent measurement

From 1 January 2018, the Group has applied IFRS 9 and classifies its financial assets in the following measurement categories:

- Fair Value through profit and loss (FVPL);
- Fair Value through other comprehensive income (FVOCI); and
- Amortised cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets and financial liabilities (continued)

Accounting policies applicable in current period under IFRS 9 (continued)

The classification requirements for debts and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on:

- i. The Group's business model for managing the asset; and
- ii. The cash flow characteristics of the asset.

Based on these factors, the group classifies its debt instruments into one of the following three measurement categories:

- **Amortised cost:** Assets that are held for collection for contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 6. Interest income from these financial assets is included in 'Interest and similar income' using effective interest rate method.
- **Fair value through other comprehensive income (FVOCI):** Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principals and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit and loss. When the financial asset is derecognised in 'Net Investment income', interest income from these financial assets is included in 'interest income' using the effective interest rate method.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequent measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within 'Net trading income' in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately in 'Net investment income'. Interest income from these financial assets is included in interest income' using the effective interest rate method.
- **Business model:** the business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of the assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets and financial liabilities (continued)

Accounting policies applicable in current period under IFRS 9 (continued)

are classified as part of 'other' business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

For example, the Group's business model for the mortgage loan book is to hold to collect contractual cash flows, with sales of loans only being made internally to a consolidated SPV for the purpose of collateralising notes issued, with no resulting derecognition by the Group. Another example is the liquidity portfolio of assets, which are held by the Group as part of liquidity management and is generally classified within the hold to collect and sell business model. Securities held for trading are held principally for the purposes of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. These securities are classified in the 'other' business model and measured at FVPL.

- SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments or principals and interest (the SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposures to risk or volatility that are inconsistent with a basic lending arrangement, the related financial assets are classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest. The Group reclassifies debts investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Example of equity instruments include basic ordinary shares.

The Group subsequently measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets and financial liabilities (continued)

Accounting policies applicable in current period under IFRS 9 (continued)

Gains and losses on equity investments at FVPL are included in the 'Net trading income' line in the statement of profit or loss.

iii. Impairment

The Group assesses on a forward –looking basis the expected credit losses ('ECL') associated with its debt instruments assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability – weighted amount that is determined by evaluating a range of possible outcomes.
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or efforts at the reporting date about past events, current conditions and forecast of future economic conditions.

Details of the Group's impairment policy and disclosures are provided under Note 6.1.3.

iv. Modifications of Loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantially new terms are introduced, such as a profit share/equity- based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant changes in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affects the credit risk associated with the loan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets and financial liabilities (continued)

Accounting policies applicable in current period under IFRS 9 (continued)

If the terms are substantially different, the Group derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of the initial recognition for impairment calculation purposes, including for the purposes of determining whether a significant increase in credit risk has occurred. However, the Group also assessed whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as gains or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. The Bank monitors the subsequent performance of modified assets. The Bank may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). The loan will remain in its original stage until it meets the criteria as described in Note 3 (f) (iv) on the next page.

v. Curing of non-performing financial assets including restructured facilities.

An instrument is considered to no longer have SICR or be in default (i.e. to have cured) when it has been established that the obligor is able to meet the requirements of the agreed terms and conditions.

IFRS 9 allows credit exposures to migrate from higher credit risk categories to lower credit risk categories, that is, from stage 3 to stage 2 and from stage 2 to stage 1.

Under migration from stage 3 to stage 2, the Bank shall consider criteria for upgrade of credit accommodations as follows:

- in the case of overdraft facilities, the account has satisfactorily performed for a minimum period of two consecutive quarters; and
- In the case of term loans, the obligor has timely paid four consecutive installments.

On the other hand, credit exposures may migrate from stage 2 to stage 1 when there is a significant improvement



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets and financial liabilities (continued)

Accounting policies applicable in current period under IFRS 9 (continued)

of the credit exposure. In determining whether an exposure should shift backward from stage 2 to stage 1, The Bank shall consider the following;

- All outstanding payments on the credit facility are made on time and there are no payments in arrears.
- There is improvement of the quantitative and qualitative factors that caused significant increase of the credit risk.

Upgrade from stage 2 to stage 1 shall be subject to a monitoring period of 90 days for conventional loans and 30 days for Microfinance loans to confirm if the risk of default has decreased sufficiently before upgrading such exposure.

vi. Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

The Group enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Group:

- Has no obligation to make payments unless it collects equivalent amounts from the assets;
- Is prohibited from selling or pledging the assets; and
- Has an obligation to remit any cash it collects from the assets without material delay

Collateral (shares and bonds) furnished by the Group under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Group retains a subordinated residual interest.

Financial liabilities

i. Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost, except for:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets and financial liabilities (continued)

Accounting policies applicable in current period under IFRS 9 (continued)

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives financial liabilities held for trading (e.g. short positions in the trading booking) and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to Changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss;
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Group recognises any expense incurred on the financial liability; and

ii. Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Financial guarantee contracts and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specific payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debts instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdraft and other banking facilities.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets and financial liabilities (continued)

Accounting policies applicable in current period under IFRS 9 (continued)

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance; and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

Loan commitments provided by the Group are measured as the amount of the loss allowance. The Group has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as provision.

Accounting policies applicable in prior period under IAS 39

Financial assets

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

i. Loans and receivables

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

- those that the Group intends to sell immediately or in the short term, which are classified as held for trading, and those that the Group upon initial recognition designates as at fair value through profit or loss;
- those that the Group upon initial recognition designates as available for sale; or
- 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 recognized at fair value - which is the cash consideration to originate or purchase the loan including any transaction costs - and measured subsequently at amortized cost using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets and financial liabilities (continued)

Accounting policies applicable in prior period under IAS 39 (continued)

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

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

ii. *Available for sale*

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

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

iii. *Held-to-maturity*

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

- those that the Bank upon initial recognition designates as at fair value through profit or loss;
- those that the Bank designates as available-for-sale; and
- 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.

Recognition of financial assets

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets and financial liabilities (continued)

Accounting policies applicable in prior period under IAS 39 (continued)

Financial liabilities

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

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.

Classes of financial instruments

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

<i>Financial assets</i>	<i>Class</i>
Placement and balances with other banks	Loans and receivables
Loans and advances to customers	Loans and receivables
Investment in government securities	
- Held to maturity	Held to maturity
- Loan and receivables	Loans and receivables
- Available for sale	Available for sale
Other assets	Loans and receivables
Equity investments	Available for sale
<i>Financial liabilities</i>	
Deposits from banks	Financial liabilities at amortised cost
Deposits from customers	Financial liabilities at amortised cost
Other liabilities	Financial liabilities at amortised cost
Borrowings	Financial liabilities at amortised cost

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets and financial liabilities (continued)

Accounting policies applicable in prior period under IAS 39 (continued)

Impairment of financial assets

i. Assets carried at amortised cost

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

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

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

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

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

The amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets and financial liabilities (continued)

Accounting policies applicable in prior period under IAS 39 (continued)

financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss.

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

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

ii. Assets classified as available-for-sale

The Group assesses at each end of reporting period whether there is objective evidence that a financial asset or a Group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment resulting in the recognition of an impairment loss. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the profit or loss.

Impairment losses recognised in the profit or loss on equity instruments are not reversed through the profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the profit or loss.

iii. Renegotiated loans

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

Offsetting financial instruments

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

(g) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised costs; the difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

(h) Income tax

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

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

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

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

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

(i) Provisions

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

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

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

(j) Non-financial assets

i. Property and equipment

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Non-financial assets (continued)

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

ii. *Intangible assets*

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

(k) **Impairment of non-financial assets**

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

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

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period. No indicators of impairment were identified therefore no non-financial assets were impaired in 2018.

(l) **Cash and cash equivalents**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

(m) Employee benefits

i. Short-term obligations

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

ii. Other long-term employee benefit obligations

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

iii. Post-employment obligations

The Bank operates a defined contribution pension plans. The Bank has a statutory requirement to contribute to the Public Service Social Security Fund (PSSSF) and National Social Security Fund (NSSF), which are defined contribution schemes.

Bank contributes 15% of the required 20% of gross emoluments to the scheme and the contributions are recognised as an expense in the period to which they relate. The remaining 5% is deducted from employees. The subsidiary of the bank does not have any employees. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(n) 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.

(o) Dividend

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

(p) Earnings per share

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

(q) Leases

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

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

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

(r) Contingencies and commitments

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

Financial guarantees

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

Acceptances and letters of credit

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

Undrawn commitments

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

(s) Comparatives

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

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

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

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

(a) Measurement of the expected credit loss allowance

The Group measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses). The Group uses a number of significant judgements in applying the accounting requirements for measuring ECL, such as:

- Determination criteria for significant increase in credit risk;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/ market and the associated ECL; and
- Estimating Probability of default, Exposure at Default and Loss Given Default

Detailed information about the judgement and estimates made by the Group are explained under note 6.

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

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

(c) Taxes

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

(c) Taxes (continued)

The recognition of deferred tax asset relies on an assessment of the probability and sufficiency of future taxable profit, future reversals of existing taxable temporary differences and ongoing tax planning and strategies. The deferred tax recognised in the Group's statement of financial position as at 31 December 2018 was TZS 62,132 million (2017: TZS 43,338 million). The judgment takes into consideration the effect of both positive and negative evidence, including historical financial performance, projections of future taxable income and future reversals of existing taxable temporary differences.

(d) Provisions

The Bank and Group have provided for the liabilities arising out of contractual obligations. The closing balance of provisions on litigations amounted to TZS 3,519 million. (2017: TZS 2,784 million). Professional expert advice is taken on establishing litigation provisions. Provisions for legal proceedings and regulatory matters typically require a higher degree of judgements than other types of provisions. When cases are at an early stage, accounting judgements can be difficult because of the high degree of uncertainty associated with determining whether a present obligation exists as a result of a past event, estimating the probability of outflows and making estimates of the amount of any outflows that may arise. As matters progress through various stages of the cases, Management together with legal advisers evaluate on an ongoing basis whether provisions should be recognised, and the estimated amounts of any such provisions, revising previous judgements and estimates as appropriate.

(e) Fair valuation of financial instruments

The fair value of financial instruments traded in active markets at the financial reporting date is based on their quoted bid market price or dealer price quotations without any deductions for transaction costs. For all other financial assets not listed in an active market, the fair value is determined by using appropriate valuation techniques.

In determining the fair value of government securities that are designated as fair value through other comprehensive income, the Bank uses yields of similar instruments traded in Bank of Tanzania's auctions. Changes in valuation assumptions could affect the reported fair value of financial instruments. For example, to the extent that the directors increased the yield rate by 10 basis points, the fair values would be estimated at TZS 15,991 million (2017: TZS 901 million) as compared to their reported fair value of TZS 15,242 million at 31 December 2018 (2017: TZS 870 million). If the yield rate had decreased by 10 basis points the fair value would be estimated at TZS 15,318 million (2017: TZS 999 million).

In determining the fair value of unquoted equity investment in TMRC, the Bank used a price of recent transaction of the shares of the Company. If the price of the shares would have increased/decreased by 10% the fair value of the investments would have been increased/decreased by TZS 292 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

5. SEGMENT REPORTING

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

Operating segments

The Group comprises the following main operating segments:

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

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

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

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

The segment information provided to the Bank's Management Team for the reportable segments for the year ended 31 December 2018 is as follows (all amounts in TZS million):

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SEGMENT REPORTING (CONTINUED)

Operating segments (Continued)

2018	Treasury		Retail banking	Agri- business	UJVC	(Eliminations)/ consolidation	Total
Interest income	100,234	75,618	409,122	16,664	-	(1,083)	600,555
Interest expense	(6,740)	(41,146)	(56,058)	(5,671)	(1,083)	1,083	(109,615)
Net Interest Income	93,494	34,472	353,064	10,993	(1,083)	-	490,940
Loan impairment charges	-	(59,496)	(62,296)	(15,513)	-	-	(137,305)
Net fees and commission, trading, foreign exchange and other income	20,914	33,036	138,208	3,718	5,980	(6,033)	195,823
Employee benefits expense	(15,784)	(31,568)	(98,859)	(19,938)	-	-	(166,149)
General and administrative expenses	(17,370)	(34,739)	(108,789)	(21,940)	(205)	-	(183,043)
Depreciation and amortization	(5,696)	(11,394)	(35,680)	(7,196)	(1,971)	6,033	(55,904)
Profit /(loss) before tax	75,558	(69,689)	185,648	(49,876)	2,721	-	144,362
Income tax provision	(23,460)	21,638	(57,642)	15,486	577	-	(43,401)
Profit after tax	52,098	(48,051)	128,006	(34,390)	3,298	-	100,961
Segment assets, liabilities and equity							
Total assets	2,280,442		2,547,557	137,253	56,171	(61,721)	5,676,213
Total liabilities and equity	1,357,096		2,947,962	78,194	56,171	(61,721)	5,676,213

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SEGMENT REPORTING (CONTINUED)

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

2017	Treasury	Wholesale banking	Retail banking	Agribusiness	UJVC	(Eliminations)/ consolidation	Total
Interest income	117,876	82,823	374,956	11,337	-	(1,480)	585,512
Interest expense	(641)	(59,195)	(56,059)	(4,396)	(1,480.00)	1,480	(120,291)
Net Interest Income	117,235	23,628	318,897	6,941	(1,480)	-	465,221
Loan impairment charges	-	(65,498)	(58,948)	(6,550)	-	-	(130,996)
Net fees and commission, foreign exchange and other income	17,759	29,336	107,519	2,637	5,632	(6,002)	156,881
Employee benefits expense	(14,695)	(29,390)	(92,038)	(18,563)	-	-	(154,686)
General and administrative expenses	(16,255)	(32,511)	(101,810)	(20,534)	(270)	6,002	(165,378)
Depreciation and amortization	(2,779)	(5,559)	(17,408)	(3,511)	(1,971)	-	(31,228)
Profit before tax	101,265	(79,994)	156,212	(39,580)	1,911	-	139,814
Income tax provision	(32,611)	25,761	(50,304)	12,746	204	-	(44,205)
Profit after tax	68,654	(54,233)	105,908	(26,834)	2,115	-	95,609

Segment assets, liabilities and equity

Total assets	2,615,162	683,245	2,112,741	95,854	46,578	(54,053)	5,499,527
Total liabilities and equity	951,887	1,701,709	2,612,837	240,569	46,578	(54,053)	5,499,527

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT

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

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

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

6.1 Credit Risk

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

6.1.1 Credit risk measurement

Loans and advances

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

This is similar to the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9. The Loan book is split into Term Loans (Secured & unsecured), Agribusiness and off-balance sheet items (these include overdrafts, Letters of Credit and Guarantees).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit Risk (Continued)

6.1.1 Credit risk measurement (Continued)

The Group considers a term loan to be in default if the repayment of the loan is more than 90 days past due for all product types except salaried workers' loans. Term loans under the salaried workers' loans are in default if the repayments on the loans are more than 180 days past due. Whilst the Group considers Agribusiness loans to be in default if the bullet repayment on the loan is more than 90 days past due and further considers a revolving facility in default if the facility is drawn above the loan limit for more than 90 consecutive days during the lifetime of the facility or if the drawn amount is still outstanding 90 days after maturity of the facility or if a related term loan is in default.

The Group estimates the Loss Given Default for both term loan (secured and unsecured) and Agribusiness loans based on recoveries on loans that defaulted and were written off and collections from loans that defaulted but were not written off while, for off balance sheet items, the probability of default and loss given default component for revolving facilities has been combined to determine a loss rate.

Exposure at Default for term loans is estimated as contractual rundown on the loans. For Agribusiness loans this is estimated as the outstanding balance on the facility while for the off-balance sheet items the exposure at default is estimated by determining a credit conversion factor (CCF).

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

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

For internal monitoring of balances with other banks, banks are rated into three categories based on their financial position. Additionally, qualitative characteristics is taken into consideration when scoring a counterparty. Counterparts with history of default are usually rated as Medium to High risk and dealing limits are cancelled.

Bank's rating	Score	Staging
Defaulted	Any	Stage 3
High	2.51 - 3	Stage 2
Medium	1.51 - 2.5	Stage 1
Low	1 - 1.51	Stage 1

The Bank's balances with other banks as at 31 December 2018, are all of low risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit Risk (Continued)

6.1.2 Risk limit control and mitigation policies

(a) Lending limits

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

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

(b) Collateral

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

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

Loans other than Salaried Workers Loans are generally secured.

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

The Bank's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Bank since the prior period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit Risk (Continued)

6.1.2 Risk limit control and mitigation policies (Continued)

(b) Collateral (Continued)

The Group closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Group will take possession of collateral to mitigate potential credit losses. Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown below:

Credit impaired assets (amounts in TZS Millions)	Gross exposure	Impairment allowance	Carrying amount	Market Value of Collateral
MSE	17,442	16,217	1,225	-
SWL	13,802	13,729	73	-
Other consumer loans	3,767	3,505	262	213
Corporate Customers	111,150	45,737	65,413	153,180
SME	26,567	11,231	15,336	53,973
Agribusiness	18,085	8,241	9,844	21,475
Total	190,813	98,660	92,153	228,841

(c) Credit-related commitments

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

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

6.1.3: Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Refer to note 6.1.3.1 for a description of how the Group determines when a significant increase in credit risk has occurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit Risk (Continued)

6.1.3: Expected credit loss measurement (Continued)

- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Please refer to note 6.1.3.2 for a description of how the Group defines credit-impaired and default.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Please refer to note 6.1.3.3 for a description of inputs, assumptions and estimation techniques used in measuring the ECL.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Note 6.1.3.4 includes an explanation of how the Group has incorporated this in its ECL models.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

Grouping of instruments for losses measured on a collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

In performing this grouping, there must be sufficient information for the group to be statistically credible. Where sufficient information is not available internally, the Bank has considered benchmarking internal/external supplementary data to use for modelling purposes. The characteristics and any supplementary data used to determine groupings are outlined below:

- Product type (e.g. Overdraft, Term loans, Letter of credit e.t.c)
- Repayment type (e.g. Repayment/Interest only)
- LTV ratio for retail mortgages
- Credit risk grading
- Industry – Agribusiness loans are assessed independently in their own modal
- Collateral type – whether secured or unsecured

The following exposures are assessed individually:

- Stage 3 loans with current exposure above TZS 100 million
- Properties in repossession proceedings

The appropriateness of groupings is monitored and reviewed on a periodic basis by the Credit Risk team.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit Risk (Continued)

6.1.3: Expected credit loss measurement (Continued)

6.1.3.1: Significant increase in credit risk (SICR)

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Qualitative criteria

Loans and advances to customers

A loan facility is assessed to have significant increase in credit risk if the borrower meets one or more of the following criteria:

- Direct debit cancellation;
- Extension to the terms granted;
- Previous arrears within the last 12 months;
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates;
- Actual or expected forbearance or restructuring;
- Actual or expected significant adverse change in operating results of the borrower;
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default;
- Early signs of cash flow/liquidity problems such as delay in servicing of trade creditors/loans; and
- Identified fraudulent activities in issuing the loan

The assessment of SICR incorporates forward-looking information and is performed on an annual basis at a portfolio level. A watch list is used to monitor credit risk on a monthly basis through Loan Portfolio Quality (LPQ) committee. This assessment is performed at the counterparty level. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the independent Credit Risk team.

Loans and advances to banks

The following qualitative factors are considered as indicators of significant increase in credit risk:

- Significant counterparty management restructuring or re-organisation due to prolonged poor performance of the entity
- Significant adverse change in regulatory, economic, or technological environment of the borrower that results in a significant change in ability to meet its debt obligations; and
- Significant reductions in financial support from a parent entity that resulted to significant adverse change of operating results of the counterparty.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit Risk (Continued)

6.1.3: Expected credit loss measurement (Continued)

6.1.3.1: Significant increase in credit risk (SICR)

Government securities

Government securities are considered to have experienced a significant increase in credit risk when at least one of the following factors have occurred:

- The government has received a low credit rating ("C") by the International rating agencies; or
- The government has initiated debt restructuring process.

Quantitative criteria:

A backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

Low credit risk exemption

Government securities such as treasury bills and bonds measured at amortised cost and at fair value through other comprehensive income are classified as low credit risk financial instruments and impairment will be recorded only if there is evidence of expected default on Government securities. It is important to note that there is no history of default on the Tanzania Government securities.

6.1.3.2: Definition of default and credit impaired assets

Loans and advances to customers

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative

The Group considers a term loan to be in default if the repayments on the loan are more than 90 days past due for all product types except salaried workers' loans. Term loans under the salaried workers' loans are in default if the repayments on the loans are more than 180 days past due. Whilst the Group considers Agribusiness loans to be in default if the bullet repayment on the loan is more than 90 days past due and further considering a revolving facility in default if the facility is drawn above the loan limit for more than 90 consecutive days during the lifetime of the facility or if the drawn amount is still outstanding 90 days after maturity of the facility.

Qualitative

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where: -

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit Risk (Continued)

6.1.3: Expected credit loss measurement (Continued)

6.1.3.2: Definition of default and credit impaired assets (Continued)

- the borrower is in long-term forbearance;
- the borrower is deceased;
- the borrower is insolvent;
- the borrower is in breach of financial covenant(s);
- An active market for that financial asset has disappeared because of financial difficulties;
- Concessions have been made by the lender relating to the borrower's financial difficulty;
- Fraudulent activities were conducted in issuance of the loan;
- It is becoming probable that the borrower will enter bankruptcy; and
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Group's expected loss calculations.

Loans and advances to banks

For balances due from other banks below events are considered as default when they occur:

- When repayments of interest and principal are not done on time as per contractual schedules to the extent of 30 days delay;
- When counterpart is taken under management by Statutory Manager;
- When counterpart licence has been revoked by Central Banks; and
- When counterpart has been declared bankrupt by responsible bodies like Registration, Insolvency and Trusteeship Agency (RITA) and Court.

Government securities

For government securities below events are considered as default when they occur: -

- When repayments of interest and principal are not done on time as per contractual schedules to the extent of 30 days delay;
- When the government is downgraded to below "C" Status by International Rating Agency such as Moody's, S&P or Fitch; and
- When the government is declared default/bankrupt by responsible agencies like World Bank or IMF.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit Risk (Continued)

6.1.3: Expected credit loss measurement (Continued)

6.1.3.3: Measuring ECL — Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per “Definition of default and credit-impaired” above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.
- Loss Given Default (LGD) represents the Group’s expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit Risk (Continued)

6.1.3: *Expected credit loss measurement (Continued)*

6.1.3.4: *Forward-looking information incorporated in the ECL models*

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. These economic variables and their associated impact on the PD and vary between secured and unsecured loans and off-balance sheet exposure. Expert judgment has also been applied in this process. Forecasts of these economic variables (the “base economic scenario”) are provided by the Bank’s Strategy Team on an annual basis and provide the best estimate view of the economy over the next three years.

After three years, to project the economic variables out for the full remaining lifetime of each instrument, a mean reversion approach has been used, which means that economic variables tend to either a long run average growth rate (e.g. GDP) over a period of the past three years.

The impact of these economic variables on the PD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates.

In addition to the base economic scenario, the Bank’s Strategy team also provide other possible scenarios along with scenario weightings. The number of other scenarios used is set based on the analysis of each major segment type to ensure non-linearity are captured. The number of scenarios and their attributes are reassessed at each reporting date. At 1 January 2018 and 31 December 2018, for all the Group concluded that three scenarios appropriately captured non-linearity.

The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of. The assessment of SICR is performed using the Lifetime PD under each of the base, and the other scenarios, multiplied by the associated scenario weighting, along with qualitative and backstop indicators. This determines whether the whole financial instrument is in Stage 1, Stage 2, or Stage 3 and hence whether 12-month or lifetime ECL should be recorded. Following this assessment, the Bank measures ECL as either a probability weighted 12-month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3). These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting (as opposed to weighting the inputs).

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Bank considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Bank’s different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit Risk (Continued)

6.1.3: Expected credit loss measurement (Continued)

6.1.3.4: Forward-looking information incorporated in the ECL models (Continued)

Economic variable assumptions

The most significant period-end assumptions used for the ECL estimate as at 31 December 2018 are set out below. The scenarios "base", "upside" and "downside" were used for all portfolios.

	2019	2020	2021
Credit growth in private sector			
Base	8%	10%	10%
Upside	11%	12%	14%
Downside	4%	5%	6%

The most significant period-end assumptions used for the ECL estimate as at 1 January 2018 are set out below. The scenarios "base", "upside" and "downside" were used for all portfolios.

	2018	2019	2020
Credit growth in private sector (CGPS)			
Base	5%	8%	10%
Upside	6%	11%	12%
Downside	4%	4%	5%

The weightings assigned to each economic scenario at 1 January 2018 and 31 December 2018 was 80%, 10% and 10% for "base", "upside" and "downside" respectively.

If the credit growth in private sector changed by 10% expected loss allowance would have been as follows:

Sensitivity Analysis	Expected loss allowance	
	Higher end TZS Millions	Lower end TZS Millions
Secured term loans	15,918	15,570
Unsecured term loans	7,429	7,613
Overdraft facilities	3,908	3,653
Agribusiness loans	6,145	5,843
Off-balance sheet exposures	5,171	4,833
Total expected loss allowance	32,426	37,512

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit Risk (Continued)

6.1.3: Expected credit loss measurement (Continued)

6.1.3.4: Forward-looking information incorporated in the ECL models (Continued)

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on a quarterly basis.

6.1.4 Credit risk exposure

6.1.4.1: Maximum exposure to credit risk – Financial instruments subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets

(a) Secured Term Loans

Amounts in TZS' Millions	2018 ECL Staging			2017	
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Total
Credit grade					
Current	745,712	-	-	745,712	721,569
Especially mentioned	-	131,529	-	131,529	10,337
Sub-standard	-	-	72,409	72,409	18,883
Doubtful	-	-	25,517	25,517	48,107
Loss	-	-	5,363	5,363	7,993
Gross Carrying amount	745,712	131,529	103,289	980,530	806,889
Loss allowance	(6,705)	(9,039)	(61,560)	(77,304)	(46,676)
Carrying amount	739,007	122,490	41,729	903,226	760,213

(b) Unsecured term loans

Amounts in TZS' Millions	2018 ECL Staging			2017	
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Total
Credit grade					
Current	1,898,047	-	-	1,898,047	1,581,742
Especially mentioned	-	14,665	-	14,665	9,330
Sub-standard	-	-	3,383	3,383	8,416
Doubtful	-	-	12,069	12,069	10,217
Loss	-	-	4,181	4,181	5,593
Gross carrying amount	1,898,047	14,665	19,633	1,932,345	1,615,298
Loss allowance	(7,368)	(126)	(17,181)	(24,675)	(23,687)
Carrying amount	1,890,679	14,539	2,452	1,907,670	1,591,611

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit Risk (Continued)

6.1.4 Credit risk exposure (Continued)

6.1.4.1: Maximum exposure to credit risk – Financial instruments subject to impairment (Continued)

(c) Agribusiness

Amounts in TZS' Millions	2018 ECL Staging			2017	
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Total
Credit grade					
Current	65,867	-	-	65,867	30,558
Especially mentioned	-	606	-	606	213
Sub-standard	-	-	3,466	3,466	6,176
Doubtful	-	-	1,480	1,480	459
Loss	-	-	155	155	407
Gross carrying amount	65,867	606	5,101	71,574	37,813
Loss allowance	(5,866)	(54)	(2,118)	(8,038)	(5,921)
Net carrying amount	60,001	552	2,983	63,536	31,892

(d) Overdraft facilities

Amounts in TZS' Millions	2018 ECL Staging			2017	
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Total
Credit grade					
Current	319,411	-	-	319,411	347,938
Especially mentioned	-	13,325	-	13,325	1,223
Sub-standard	-	-	16,917	16,917	19,850
Doubtful	-	-	27,065	27,065	56,116
Loss	-	-	22,226	22,226	6,870
Gross carrying amount	319,411	13,325	66,208	398,944	431,997
Loss allowance	(3,648)	(133)	(17,801)	(21,582)	(43,406)
Carrying amount	315,763	13,192	48,407	377,362	388,591

(e) Off balance sheet exposures*

	2018	2017
Undrawn commitments	49,122	46,830
Financial Guarantee	361,365	355,930
Gross carrying amount	410,487	402,760
Loss allowance	(5,002)	(2,953)
Net carrying amount	405,485	399,807

*The off-balance sheet exposures under the credit risk note include only loan commitment and financial contract that fall within the scope of IFRS 9. Provision for loss allowance relating to off-balance sheet exposures is disclosed under other liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit Risk (Continued)

6.1.5: Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent “step up” (or “step down”) between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period).

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

(a) Secured term loans

	Stage 1	Stage 2	Stage 3	
Amounts in TZS' Millions	12-month ECL	Lifetime ECL	Lifetime ECL	Total
As at 1 January 2018	4,344	75	42,257	46,676
Movements				
Transfer from stage 1 to stage 2	-	5,446	446	5,892
Transfer from stage 1 to stage 3	-	-	45,603	45,603
Transfer from stage 2 to stage 1	(6)	-	(6)	(12)
Transfers from stage 2 to stage 3	-	-	4,232	4,232
Write-offs	-	-	15,037	15,037
New financial assets originated or purchased	4,610	3,135	1,413	9,158
Changes to model assumptions and methodologies	168	2	8,597	8,767
Total net P&L charge during the period	4,772	8,583	75,322	88,677
Other movements with no P&L impact				
Write-offs	(2,411)	381	(56,019)	(58,049)
As at 31 December 2018	6,705	9,039	61,560	77,304

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit Risk (Continued)

6.1.5: Loss allowance (Continued)

(b) Unsecured term loans

	Stage 1	Stage 2	Stage 3	
Amounts in TZS' Millions	12-month ECL	Lifetime ECL	Lifetime ECL	Total
As at 1 January 2018	8,842	209	14,636	23,687
Movements				
Transfer from stage 1 to stage 2	-	19	19	38
Transfer from stage 3 to stage 1	3	-	3	6
Transfer from stage 2 to stage 1	(15)	-	(15)	(30)
New financial assets originated or purchased	881	14	872	1,767
Changes to model assumptions and methodologies	(180)	(10)	(189)	(379)
Write off	-	-	6,337	6,337
Total net P&L charge during the period	689	23	7,027	7,739
Other movements with no P&L impact				
Write-offs	(2,163)	(106)	(4,482)	(6,751)
As at 31 December 2018	7,368	126	17,181	24,675

(c) Agribusiness

	Stage 1	Stage 2	Stage 3	
Amounts in TZS' Millions	12-month ECL	Lifetime ECL	Lifetime ECL	Total
As at 1 January 2018	1,919	-	41,487	43,406
Movements				
Transfer from stage 1 to stage 2	-	(4)	-	(4)
Transfer from stage 1 to stage 3	-	-	597	597
Transfer from stage 2 to stage 3	-	-	102	102
New financial assets originated or purchased	5,453	35	-	5,488
Changes to model assumptions and methodologies	(59)	-	549	490
Write off	-	-	174	174
Total net P&L charge during the period	5,394	31	1,422	6,847
Other movements with no P&L impact				
Write-offs	(2,777)	(5)	(1,948)	(4,730)
As at 31 December 2018	5,866	54	2,118	8,038

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit Risk (Continued)

6.1.5: Loss allowance (Continued)

(d) Overdraft facilities

	Stage 1	Stage 2	Stage 3	
Amounts in TZS' Millions	12-month ECL	Lifetime ECL	Lifetime ECL	Total
As at 1 January 2018	1,919	-	41,487	43,406
Movements				
Transfer from stage 1 to stage 2	-	63	-	63
Transfer from stage 1 to stage 3	-	-	16,893	16,893
Transfers from stage 2 to stage 3	-	-	3	3
New financial assets originated or purchased	613	6	732	1,351
Changes to model assumptions and methodologies	1,625	-	61	1,686
Write off	-	-	11,997	11,997
Total net P&L charge during the period	2,238	69	29,686	31,993
Other movements with no P&L impact				
Write-offs	(509)	64	(53,372)	(53,817)
As at 31 December 2018	3,648	133	17,801	21,582

(e) Off-balance sheet items

	TZS' Millions
As at 1 January 2018	2,953
Movements	
New financial guarantees	2,360
Matured financial guarantees	(311)
Total net P&L charge during the period	2,049
As at 31 December 2018	5,002
Allowance charged to profit or loss during the year	
Secured loans	6.1.5 (a) 88,677
Unsecured loans	6.1.5 (b) 7,739
Agribusiness loans	6.1.5 (c) 6,847
Overdraft facilities	6.1.5 (d) 31,993
Off-balance sheet exposures	6.1.5 (e) 2,049
As at 31 December 2018	137,305

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit Risk (Continued)

6.1.5: Loss allowance (Continued)

Significant changes in the gross carrying amount of financial assets that contributed to changes in the loss allowance were as follows:

- The high volume of new Salaried Workers Loans and Corporate loans originated during the period, aligned with the Group's organic growth objective, increase the gross carrying amount of the unsecured book by 21% and secured book by 83%, with a corresponding TZS 881 million increase in loss allowance for unsecured book and TZS 4.6 billion for secured book measured on a 12-month basis.
- The write-off of Corporate loans and SWL with a total gross carrying amount of TZS 123 billion resulted in the reduction of the Stage 3 loss allowance by the same amount.

The following table further explains changes in the gross carrying amount and explains their significance to the changes in the loss allowance for the same portfolio as discussed above.

(a) Secured term loans

	Stage 1	Stage 2	Stage 3	
Amounts in TZS' Millions	12-month ECL	Lifetime ECL	Lifetime ECL	Total
As at 1 January 2018	715,538	20,712	70,639	806,889
Movements				
Transfer from stage 1 to stage 2	(39,295)	39,295	-	-
Transfer from stage 3 to stage 1	13	-	(13)	-
Transfer from stage 2 to stage 1	631	(631)	-	-
Transfer from stage 1 to stage 3	(76,456)	-	76,456	-
Transfer from stage 2 to stage 3	(5,662)	-	5,662	-
New financial assets originated	595,728	92,819	6,566	695,113
Write-offs	(2,410)	-	(56,021)	(58,431)
De-recognition	(442,375)	(20,666)	-	(463,041)
As at 31 December 2018	745,712	131,529	103,289	980,530

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit Risk (Continued)

6.1.5: Loss allowance (Continued)

(b) Unsecured term loans

	Stage 1	Stage 2	Stage 3	
Amounts in TZS' Millions	12-month ECL	Lifetime ECL	Lifetime ECL	Total
As at 1 January 2018	1,577,524	20,543	17,231	1,615,298
Movements				
Transfer from stage 1 to stage 2	(11,234)	11,234	-	-
Transfer from stage 3 to stage 1	2,883	-	(2,883)	-
Transfer from stage 3 to stage 2	-	915	(915)	-
Transfer from stage 2 to stage 1	3,074	(3,074)	-	-
Transfer from stage 1 to stage 3	(13,040)	-	13,040	-
Transfer from stage 2 to stage 3	-	(3,873)	3,873	-
New financial assets originated	340,656	1,419	183	342,258
Write-offs	(1,816)	(106)	(4,680)	(6,602)
De-recognition	-	(12,393)	(6,216)	(18,609)
As at 31 December 2018	1,898,047	14,665	19,633	1,932,345

(c) Agribusiness

	Stage 1	Stage 2	Stage 3	
Amounts in TZS' Millions	12-month ECL	Lifetime ECL	Lifetime ECL	Total
As at 1 January 2018	30,590	311	6,912	37,813
Movements				
Transfer from stage 1 to stage 2	(215)	215	-	-
Transfer from stage 1 to stage 3	(2,533)	-	2,533	-
Transfer from stage 2 to stage 3	-	(122)	122	-
New financial assets originated	61,285	391	-	61,676
Write-offs	(2,781)	(5)	(1,949)	(4,735)
De-recognition	(20,479)	(184)	(2,517)	(23,180)
As at 31 December 2018	65,867	606	5,101	71,574

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit Risk (Continued)

6.1.5: Loss allowance (Continued)

(d) Overdraft facilities

	Stage 1	Stage 2	Stage 3	
Amounts in TZS' Millions	12-month ECL	Lifetime ECL	Lifetime ECL	Total
As at 1 January 2018	351,465	-	80,532	431,997
Movements				
Transfer from stage 1 to stage 2	(12,639)	12,639	-	-
Transfer from stage 1 to stage 3	(61,726)	-	61,726	-
Transfer from stage 2 to stage 3	-	(11)	11	-
New financial assets originated	53,156	750	1,766	55,672
Write-offs	(509)	-	(53,373)	(53,882)
De-recognition	(10,336)	(53)	(24,454)	(34,843)
As at 31 December 2018	319,411	13,325	66,208	398,944

6.1.6 Write-off policy

The Group writes off financial assets that have been past due for more than 365 days. The Bank may write-off some financial assets in whole or in part before the 365 days threshold when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Bank's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full. The Bank may write-off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off during the year ended 31 December 2018 was TZS 123 billion. The Bank still seeks to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

6.1.7. Modification of loans

The following table includes summary information for financial assets with lifetime ECL whose cash flows were modified during the period as part of the Bank's restructuring activities and their respective effect on the Bank's financial performance:

Amounts in TZS Millions	Loans and advance to customers
Gross amount before modification	31,132
Net modification loss	307

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit Risk (Continued)

6.1.7. Modification of loans (Continued)

The net modification loss above represents the changes in the gross carrying amounts (i.e. before impairment allowance) of the financial assets from immediately before, to immediately after, modification. In the significant majority of cases, this gross loss had been anticipated and already materially reflected within the ECL allowance. The gross carrying amount of restructured facilities held as at 31 December 2018 was TZS 28,702 million.

6.1.8 Amounts due from banks

Balances due from other banks are categorized as stage 1. The Loss Given Default (LGD) for these assets is zero hence no impairment was recognized as at 31 December 2018 (2017: Nil). The expected credit Loss is expected to be insignificant. The bank holds treasury bonds and bills with face value of TZS 6.48 billion and TZS 20 billion respectively in respect to these balances (2017: Treasury bonds of TZS 3 billion and treasury bills of TZS 38.9 billion).

6.1.9 Debt securities, treasury bills and other eligible bills

The Bank hold investments in Treasury Bills and Treasury bonds issued by the Government. At the end of reporting period, these investments were categorized as stage 1. There are no credit ratings for these investments. The Loss Given Default (LGD) for these assets is almost Nil hence no impairment was recognized as at 31 December 2018 (2017: Nil).

6.1.10 Balances with Bank of Tanzania and other assets

Other assets and balances with Bank of Tanzania are categorized as stage 1 and stage 3. The simplified model has been used for estimation of ECL. The impact has been determined to be insignificant.

6.1.11 Repossessed collateral

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

6.1.12 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 2018. For this table, the Bank has allocated exposures to regions based on the country of domicile of its counterparties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit Risk (Continued)

6.1.12 Concentration of risks of financial assets with credit risk exposure (Continued)

	Tanzania	Europe	America	Others	Total
Credit risk exposures relating to on-balance sheet assets are as follows:	TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions
31 December 2018					
Balances with the Bank of Tanzania	667,713	-	-	-	667,713
Placement and balances with other banks	51,099	69,675	11,176	42,441	174,391
Investment in Government securities					
• Amortised cost	724,943	-	-	-	724,943
• Fair value through Other Comprehensive Income	15,242	-	-	-	15,242
Loans and advances to customers:					
Loans to individuals:					
- MSEs	347,203	-	-	-	347,203
- Other consumer loans	125,517	-	-	-	125,517
• Salaried workers loans	1,802,798	-	-	-	1,802,798
Loans to corporate entities:					
- Corporate customers	636,858	-	-	-	636,858
- SMEs	212,950	-	-	-	212,950
• Agribusiness loans	126,468	-	-	-	126,468
Other assets (excluding prepayments)	34,742	-	-	-	34,742
As at 31 December 2018	4,745,533	69,675	11,176	42,441	4,868,825
Credit risk exposures relating to off-balance sheet assets are as follows:					
Guarantees and indemnities (Note 38(a))	212,113	-	-	-	212,113
Undrawn commitments (Note 38(a))	129,355	-	-	-	129,355
Acceptances and letters of credit (Note 38(a))	200,899	-	-	-	200,899
As at 31 December 2018	542,367	-	-	-	542,367

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit Risk (Continued)

6.1.12 Concentration of risks of financial assets with credit risk exposure (Continued)

	Tanzania	Europe	America	Others	Total
	TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions

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

TZS Millions TZS Millions TZS Millions TZS Millions TZS Millions

31 December 2017

Balances with the Bank of Tanzania 798,007 - - - 798,007

Placement and balances with other banks 124,944 16,704 100,752 331 242,731

Investment in Government securities

• Held to maturity 496,367 - - - 496,367

• Loans and receivable 422,732 - - - 422,732

• Available for sale 870 - - - 870

Loans and advances to customers:

Loans to individuals:

- MSEs 294,482 - - - 294,482

- Other consumer loans 32,343 - - - 32,343

• Salaried workers loans 1,566,409 - - - 1,566,409

Loans to corporate entities:

- Corporate customers 609,797 - - - 609,797

- SMEs 192,760 - - - 192,760

• Agribusiness loans 91,257 - - - 91,257

Other assets (excluding prepayments) 32,340 - - - 32,340

As at 31 December 2017 **4,662,308** **16,704** **100,752** **331** **4,780,095**

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

Guarantees and indemnities (Note 38(a)) 67,028 - - - 67,028

Undrawn commitments (Note 38(a)) 99,289 - - - 99,289

Acceptances and letters of credit (Note 38(a)) 330,329 - - - 330,329

As at 31 December 2017 **496,646** - - - **496,646**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit Risk (Continued)

6.1.12 Concentration of risks of financial assets with credit risk exposure (Continued)

b. Industry sectors

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

31 December 2018	Financial institutions	Manu- facturing	Trading and commercial	Transport and communication	Wholesale and retail	Agriculture	Individuals	Others	Total
Balances with the Bank of Tanzania	667,713	-	-	-	-	-	-	-	667,713
Placement and balances with other banks	174,391	-	-	-	-	-	-	-	174,391
Investment in Government securities	-	-	-	-	-	-	-	-	-
- Amortised cost	724,943	-	-	-	-	-	-	-	724,943
- Fair value through Other comprehensive income	15,242	-	-	-	-	-	-	-	15,242
Loans and advances to customers:									
Loans to individuals:									
- MSE	-	15	12,218	-	326,771	-	8,199	-	347,203
• Other consumer loans	-	-	-	-	-	-	-	125,517	125,517
• Salaries workers loans	-	-	-	-	-	-	1,802,798	-	1,802,798
Loans to corporate entities:									
- Corporate customers	-	99,952	196,764	97,420	230,212	12,510	-	-	636,858
- SMEs	-	6,454	135,872	5,564	65,060	-	-	-	212,950
- Agribusiness	-	-	20,510	-	22,142	79,429	-	4,387	126,468
Other assets (excluding prepayments)	-	-	-	-	-	-	-	34,742	34,742
As at 31 December 2018	1,582,289	106,421	365,364	102,984	644,185	91,939	1,810,997	164,646	4,868,825
Credit risk exposures relating to off-balance sheet assets are as follows:									
Guarantees and indemnities - (Note 38(a))	-	-	-	106	15,790	1,598	-	194,619	212,113
Undrawn commitments (Note 38(a))	2,886	44,100	5,417	6,483	54,283	11,073	-	5,113	129,355
Acceptances and letters of credit (Note 38(a))	2,470	8,364	86,935	21,717	33,406	1,917	-	46,090	200,899
As at 31 December 2018	5,356	52,464	92,352	28,306	103,479	14,588	-	245,822	542,367

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit Risk (Continued)

6.1.12 Concentration of risks of financial assets with credit risk exposure (Continued)

31 December 2017	Financial institutions	Manufacturing	Trading and commercial	Transport and communication	Wholesale and retail	Agriculture	Individuals	Others	Total
Balances with the Bank of Tanzania	798,007	-	-	-	-	-	-	-	798,007
Placement and balances with other banks	242,731	-	-	-	-	-	-	-	242,731
Investment in Government securities	-	-	-	-	-	-	-	-	-
- Held to maturity	496,367	-	-	-	-	-	-	-	496,367
- Loans and receivable	422,732	-	-	-	-	-	-	-	422,732
- Available for sale	870	-	-	-	-	-	-	-	870
Loans and advances to customers:									
Loans to individuals:									
- MSE	14	1,356	32,960	742	111,873	1,708	1,238	144,591	294,482
- Other consumer loans	-	-	1,573	520	4,656	47	24,477	1,070	32,343
- Salaries workers loans	5,375	348	25,848	2,602	7,321	2,978	1,411,466	110,471	1,566,409
Loans to corporate entities:									
- Corporate customers	12,962	195,648	180,923	113,377	42,519	11,001	-	53,367	609,797
- SMEs	-	4,938	31,622	2,017	113,638	2,069	1,655	36,821	192,760
- Agribusiness	-	4,579	75	-	21,562	62,076	8	2,957	91,257
Other assets (excluding prepayments)	-	-	-	-	-	-	-	32,340	32,340
As at 31 December 2017	1,979,058	206,869	273,001	119,258	301,569	79,879	1,438,844	381,617	4,780,095
Credit risk exposures relating to off-balance sheet assets are as follows:									
Guarantees and indemnities - (Note 38(a))	-	366	17,991	1,539	46,297	-	-	835	67,028
Undrawn commitments (Note 38(a))	-	34,566	18,157	1,169	6,647	37,997	575	178	99,289
Acceptances and letters of credit (Note 38(a))	-	27,237	219,942	37,826	889	2,569	-	41,865	330,329
As at 31 December 2017	-	62,169	256,090	40,534	53,833	40,566	575	42,878	496,646

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market Risk

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

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

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

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

6.2.1 Foreign exchange risk

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

The table below summarises the Bank's exposure to foreign currency exchange rate risk at 31 December 2018. Included in the table are the Bank's financial instruments at carrying amounts, categorised by currency.

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

As at 31 December 2018	USD	EURO	GBP	Others	Total
	Millions	Millions	Millions	Millions	Millions
Assets					
Cash and balances with Bank of Tanzania	150,067	4,730	860	1,008	156,665
Placement and balances with other banks	76,434	33,071	13,292	528	123,325
Loans and advances to customers	263,434	-	-	-	263,434
Other assets (excluding prepayments)	283	26	-	-	309
Total financial assets	490,218	37,827	14,152	1,536	543,733

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market Risk (Continued)

6.2.1 Foreign exchange risk (Continued)

Liabilities					
Deposits from customers	325,087	12,168	1,097	-	338,352
Long term borrowing	174,647	-	-	-	174,647
Other liabilities (excluding non-financial other liabilities)	1,761	4	3	-	1,768
Total financial liabilities	501,495	12,172	1,100	-	514,767
Net on-balance sheet financial position	(11,277)	25,655	13,052	1,536	28,966
Off balance sheet position					
Guarantee and indemnities	139,934	-	-	-	139,934
Undrawn commitments	47,833	-	-	-	47,833
Acceptance and letters of credit	179,671	11,428	1,029	-	192,128
	367,438	11,428	1,029	-	379,895

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

As at 31 December 2017	USD	EURO	GBP	Others	Total
	Millions	Millions	Millions	Millions	Millions
Assets					
Cash and balances with Bank of Tanzania	153,073	4,843	625	88	158,629
Placement and balances with other banks	130,752	9,980	6,396	724	147,852
Loans and advances to customers	255,741	-	-	-	255,741
Other assets (excluding prepayments)	797	27	-	-	824
Total financial assets	540,363	14,850	7,021	812	563,046
Liabilities					
Deposits from customers	309,063	12,868	794	-	322,725
Long term borrowing	192,064	-	-	-	192,064
Other liabilities (excluding non-financial other liabilities)	3,408	4	2	-	3,414
Total financial liabilities	504,535	12,872	796	-	518,203
Net on-balance sheet financial position	35,828	1,978	6,225	812	44,843

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market Risk (Continued)

6.2.1 Foreign exchange risk (Continued)

Off balance sheet position

Guarantee and indemnities	16,500	19	-	-	16,519
Undrawn commitments	40,821	-	-	-	40,821
Acceptance and letters of credit	311,154	13,211	1,375	648	326,388
	368,475	13,230	1,375	648	383,728

Foreign exchange sensitivity analysis

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

% change in exchange rate		2018	2017
		TZS Million	TZS Million
USD	10%	1,128	3,583
EURO	10%	2,566	198
GBP	10%	1,305	623

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

6.2.2 Interest rate risk

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market Risk (Continued)

6.2.2 Interest rate risk (Continued)

As at 31 December 2018	Up to 1 month TZS Millions	1 - 3 months TZS Millions	3 - 12 months TZS Millions	1 - 5 years TZS Millions	Over 5 years TZS Millions	Non-interest bearing TZS Millions	Total TZS Millions
Assets							
Cash and balances with Bank of Tanzania	-	-	-	-	-	1,070,422	1,070,422
Investment in Government securities							
• Amortised cost	26,806	239,284	162,771	233,875	62,207	-	724,943
• Fair value through other comprehensive income	-	-	-	38	15,204	-	15,242
Placement and balances with other banks	174,391	-	-	-	-	-	174,391
Loans and advances to customers	216,133	122,329	689,949	1,433,532	789,851	-	3,251,794
Equity Investments	-	-	-	-	-	2,920	2,920
Other assets (excluding prepayments)	-	-	-	-	-	34,742	34,742
Total financial assets	417,330	361,613	852,720	1,667,445	867,262	1,108,084	5,274,454
Liabilities							
Deposits from customers	1,772,398	144,940	223,335	164,726	-	2,022,208	4,327,607
Deposit from banks	20,770	-	-	-	-	-	20,770
Subordinated debt	2,782			17,048	51,142		70,972
Long term borrowing	4,404	69,000	84,728	143,256	-	-	301,388
Other liabilities (excluding non- financial other liabilities)	-	-	-	-	-	82,902	82,902
Total financial liabilities	1,800,354	213,940	308,063	325,030	51,142	2,105,110	4,803,639
Total interest repricing gap	(1,383,024)	147,673	544,657	1,342,415	816,120	-	470,815

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market Risk (Continued)

6.2.2 Interest rate risk (Continued)

As at 31 December 2017	Up to 1 month TZS Millions	1 - 3 months TZS Millions	3 - 12 months TZS Millions	1 - 5 years TZS Millions	Over 5 years TZS Millions	Non-interest bearing TZS Millions	Total TZS Millions
Assets							
Cash and balances with Bank of Tanzania	-	-	-	-	-	1,156,322	1,156,322
Investment in Government securities							
Held-to-maturity	29,545	30,876	127,132	284,478	24,336	-	496,367
• Loans and receivable	28,675	46,328	347,729	-	-	-	422,732
- Available for sale	-	870	-	-	-	-	870
Placement and balances with other banks	228,104	14,521	-	-	-	-	242,625
Loans and advances to customers	146,528	185,294	574,378	1,726,937	153,911	-	2,787,048
Equity Investments	-	-	-	-	-	1,740	1,740
Other assets (excluding prepayments)	-	-	-	-	-	32,340	32,340
Total financial assets	432,852	277,889	1,049,239	2,011,415	178,247	1,190,402	5,140,044
Liabilities							
Deposits from customers	1,677,939	161,754	232,068	3,973	-	2,196,415	4,272,149
Deposit from banks	149	-	-	-	-	-	149
Long term borrowing	-	28,261	83,655	225,014	-	-	336,930
Other liabilities (excluding non- financial other liabilities)	-	-	-	-	-	77,777	77,777
Total financial liabilities	1,678,088	190,015	315,723	228,987	-	2,274,192	4,687,005
Total interest repricing gap	(1,245,236)	87,874	733,516	1,782,428	178,247	-	-

Interest rate risk sensitivity

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market Risk (Continued)

6.2.2 Interest rate risk (Continued)

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

Sensitivity period	Weighted average	Net Interest-Bearing Funding	Net position	Impact
2018				
Less than 30 days	(1,667)	(166,656)	164,990	1,650
1 year	40,632	840,883	(800,250)	(8,003)
2017				
Less than 30 days	(10,823)	(259,759)	248,936	(2,489)
1 year	(1,292,111)	(6,644)	(1,285,467)	12,855

6.3 Liquidity risk

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

6.3.1 Liquidity risk management process

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.3 Liquidity risk (Continued)

6.3.2 Funding approach

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

6.3.3 Non-derivative cash flows

The table below presents the cash flows payable by the Bank under non-derivative financial liabilities by remaining contractual maturities at the end of reporting period. The amounts disclosed in the table below are the undiscounted cash flows. As at 31 December 2018, the interest-bearing deposits had a balance of TZS 2,312,723 million (2017: TZS 3,083,945 million).

	Up to 1 month	1 - 3 months	3 - 12 months	Over 1 year	Total
	TZS millions	TZS millions	TZS millions	TZS millions	TZS millions
As at 31 December 2018					
Liabilities					
Deposits from customers	3,786,600	182,338	515,297	1,092,417	5,576,652
Placements and balances from other banks	20,770	-	-	-	20,770
Long term borrowing*	1,298	81,380	96,311	150,802	329,791
Subordinated debt*	795	4,345	7,285	118,363	130,788
Other liabilities (excluding non-financial liabilities)	82,902	-	-	-	82,902
Total liabilities	3,892,365	268,063	618,893	1,361,582	6,140,903
Assets held for managing liquidity	1,524,219	361,613	852,720	2,534,707	5,273,259

As at 31 December 2017

Liabilities

Deposits from customers	3,882,340	220,528	582,539	33,902	4,719,309
Placements and balances from other banks	149	-	-	-	149
Long term borrowing*	-	34,328	71,112	304,224	409,664
Other liabilities (excluding non-financial liabilities)	77,777	-	-	-	77,777
Total liabilities	3,960,266	254,856	653,651	338,126	5,206,899
Assets held for managing liquidity	1,623,254	277,889	1,049,239	2,189,662	5,140,044

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.3 Liquidity risk(Continued)

6.3.4 Assets held for managing liquidity risk

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

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

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

6.4 Off-balance sheet items

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

The dates of the contractual amounts of the Bank's off-balance sheet financial instruments that commit it to extend credit to customers and other facilities (Note 38) are summarised in the table below.

(b) Financial guarantees and other financial facilities

Financial guarantees (Note 38) are also included below based on the earliest contractual maturity date.

	No later than 1 year	1 - 5 years	Total
	TZS' Millions	TZS' Millions	TZS' Millions
As at 31 December 2018			
Guarantee and indemnities	24,121	187,992	212,113
Undrawn commitments	129,355	-	129,355
Acceptance and letter of credit	200,899	-	200,899
Total	354,375	187,992	542,367

As at 31 December 2017

Guarantee and indemnities	33,048	33,980	67,028
Undrawn commitments	99,289	-	99,289
Acceptance and letter of credit	301,183	29,146	330,329
Total	433,520	63,126	496,646

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.5 Fair value of financial assets and liabilities

6.5.1 Fair value estimation

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

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

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

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

There were no transfers between the levels during the year.

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

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

Type	Fair value at		Hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Relationship of unobservable input to fair value
	2018 TZS Millions	2017 TZS Millions				
Investment in government securities	15,242	870	Level 2	Market observable inputs	N/A	N/A
Equity instruments	2,920	1,740	Level 2	Market observable inputs	N/A	N/A

Available for sale equity investments in TMRC have been reclassified to equity instruments at FVOCI on adoption of IFRS 9. As at 31 December 2017, the instruments cost was determined to be their fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.5 Fair value of financial assets and liabilities Continued)

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

Cash and balances with Bank of Tanzania

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

Investment in government securities

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

Loans and advances to banks

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

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

Loans and advances to customers

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

Deposits from banks and customers

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

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

Borrowings

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.5 Fair value of financial assets and liabilities (Continued)

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

		Carrying amount		Fair value	
		2018	2017	2018	2017
GROUP	Hierarchy level	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions
Financial assets					
Cash and balances with Bank of Tanzania	Level 2	1,070,422	1,156,329	1,070,422	1,156,329
Government securities at amortised cost (Treasury bonds)	Level 1	476,503	496,367	468,409	499,928
Government securities at amortised cost (Treasury bills)	Level 2	248,440	422,732	249,411	429,108
Placement and balances with other banks	Level 2	174,391	242,731	174,391	242,731
Loans and advances to customers	Level 3	3,241,401	2,771,732	3,240,652	2,771,572
Other assets (excluding prepayment)	Level 3	41,028	40,116	41,028	40,116
		5,252,185	5,130,007	5,244,313	5,139,784
Financial liabilities					
Deposits from customers	Level 3	4,315,220	4,272,058	4,315,220	4,272,058
Deposits from banks	Level 2	20,770	149	20,770	149
Subordinated debt	Level 3	70,972	-	70,972	-
Borrowings	Level 3	301,388	336,930	301,388	336,930
Other liabilities (Excluding non-financial other liabilities)	Level 3	96,377	79,793	96,377	79,793
		4,804,727	4,688,930	4,804,727	4,688,930

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.5 Fair value of financial assets and liabilities (Continued)

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

		Carrying amount		Fair value	
		2018	2017	2018	2017
BANK	Hierarchy level	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions
Financial assets					
Cash and balances with Bank of Tanzania	Level 2	1,070,422	1,156,322	1,070,422	1,156,322
Government securities at amortised cost (Treasury bonds)	Level 1	476,503	496,367	468,409	499,928
Government securities at amortised cost (Treasury bills)	Level 2	248,440	422,732	249,411	429,108
Placement and balances with other banks	Level 2	174,391	242,731	174,391	242,731
Loans and advances to customers	Level 3	3,251,794	2,787,048	3,251,045	2,786,888
Other assets (Excluding prepayment)	Level 3	34,742	32,340	34,742	32,340
		5,256,292	5,137,540	5,248,420	5,147,317
Financial liabilities					
Deposits from customers	Level 3	4,327,607	4,272,149	4,327,607	4,272,149
Due to other banks	Level 2	20,770	149	20,770	149
Subordinated debt	Level 3	70,972	-	70,972	-
Borrowings	Level 3	301,388	336,930	301,388	336,930
Other liabilities (Excluding non-financial other liabilities)	Level 3	82,902	77,777	82,902	77,777
		4,803,639	4,687,005	4,803,639	4,687,005

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

6.6 Capital management

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.6 Capital management (Continued)

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

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

- (a) Hold a minimum level of core capital of TZS 15 billion;
- (b) Maintain a ratio of core capital to the risk-weighted assets plus risk-weighted off-balance sheet assets or above the required minimum of 10%; and
- (c) Maintain total capital of not less than 12% of risk-weighted assets plus risk-weighted off-balance sheet items.
- (d) Maintain a capital conservation buffer of 2.5% of risk-weighted assets and off-balance sheet exposures from August 2018. The capital conservation buffer is made up of items that qualify as tier 1 capital.

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.6 Capital management (Continued)

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

The table below summarises the composition of regulatory capital and the ratios of the Bank for the year ended 31 December 2018 and year ended 31 December 2017. During those two periods, the Bank complied with all of the externally imposed capital requirements to which they are subject.

		2018	2017
	Note	TZS' Millions	TZS' Million
Tier 1 capital			
Share capital		20,000	20,000
Retained earnings		808,448	762,047
Excess impairment –IFRS 9*		8,847	-
Less: Prepaid expenses	23(b)	(43,627)	(24,540)
Less: Intangible assets	25	(21,241)	(19,901)
Less: Deferred tax assets	26	(61,228)	(43,116)
Total qualifying Tier 1 capital (A)		711,199	694,490
Tier 2 capital			
Subordinated debt		70,972	-
Accrued interest		(2,782)	-
General risk reserve		33,725	26,849
Fair valuation reserve		881	(127)
Total qualifying Tier 2 capital (B)		102,796	26,722
Maximum Tier 2 capital allowed (2% of Risk weighted assets) – (C)**		89,990	82,283
Total regulatory capital (D) = [(A) + Lower of (B) or (C)]		801,189	721,212

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.6 Capital management (Continued)

	2018	2017
	TZS' Millions	TZS' Million
Risk-weighted assets		
On-balance sheet	3,580,258	3,213,078
Off-balance sheet	379,289	399,933
Market risk	4,570	8,910
Operational risk***	357,415	492,223
Total risk-weighted assets (E)	4,321,532	4,114,144
	Required Ratio (%)	Bank's ratio (%)
Tier 1 capital	12.5	16.5
Tier 1 + Tier 2 capital	14.5	18.5

The increase in the total regulatory capital in the 2018 is mainly due to the contribution of the current-year profit and subordinated debt issued during the year for Tier II capital. The increase of the risk-weighted assets reflects the increase in loans and advances and operational risk capital charge during the year.

*For the purpose of computing Core Capital on first adoption of IFRS 9; BoT guidance on IFRS 9 allows Banks and financial institutions to spread the excess impairment equally over three years from 2018. The total excess impairment adjusted to retained earnings on adoption was TZS 17,694 million. The Bank intends to spread the impact of IFRS 9 Adoption for only two years for capital computation purpose. In 2018, the Bank added back TZS 8,847 million to retained earnings. The remaining amount will be added back in 2019.

**As per Bank of Tanzania requirement, Tier 2 Capital should not exceed 2% of the Total risk weighted assets and off-balance sheet exposure.

***Capital charge for operational risk is calculated using Basic Indicator approach (BIA) prescribed under Basel II by capping net interest income to 3.5% of interest earning assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. INTEREST AND SIMILAR INCOME

(a) GROUP

	2018	2017
	TZS' Millions	TZS' Millions
Loans and advances to customers	500,316	467,636
Government securities	98,181	115,103
Placements and balances with other banks	2,058	2,773
	600,555	585,512
(b) BANK		
Loans and advances to customers	501,399	469,116
Government securities	98,181	115,103
Placements and balances with other banks	2,058	2,773
	601,638	586,992

8. INTEREST AND SIMILAR EXPENSE (GROUP AND BANK)

	2018	2017
	TZS' Millions	TZS' Millions
Deposits from customers		
- Time deposits	31,510	46,783
- Current accounts	23,032	31,013
- Saving deposits	20,852	17,458
Deposits due to other banks	1,755	641
Borrowings from financial institutions	23,895	19,013
NMB bond	8,571	5,383
	109,615	120,291

9. NET FEES AND COMMISSION INCOME

	2018	2017
	TZS' Millions	TZS' Millions
GROUP AND BANK		
Fees and commission income		
Credit related fees and commissions	60,856	36,646
Other fees	71,685	49,823
ATM fees and card issuing	25,892	23,746
Maintenance fees	22,349	22,455
Teller withdrawal fees	9,900	10,334
Commission - mobile banking	7,916	8,309
Government service fees	4,405	3,567
	203,003	154,880
Fees and commission expense		
Financial charges	(36,721)	(19,543)
Net fees and commission income	166,282	135,337

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. FOREIGN EXCHANGE INCOME

(a) GROUP

	2018	2017
	TZS' Millions	TZS' Millions
Foreign currency trading	20,861	17,389

(b) BANK

Foreign currency trading	20,914	17,759
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11. OTHER INCOME (GROUP AND BANK)

	2018	2017
	TZS' Millions	TZS' Millions
Bad debts recovery	6,784	3,008
Miscellaneous income	666	900
Profit on disposal of property and equipment	143	204
Rental income	22	19
Dividend on TMRC equity investments	32	24
	7,647	4,155

12. EMPLOYEE BENEFITS EXPENSE (GROUP AND BANK)

	2018	2017
	TZS' Millions	TZS' Millions
Salaries and allowances	99,313	91,582
Other emoluments	51,800	49,390
Pension costs - defined contribution plan	15,036	13,714
	166,149	154,686

13. OTHER OPERATING EXPENSES

(a) GROUP

	2018	2017
	TZS' Millions	TZS' Millions
Administrative expenses	61,491	56,846
Operating lease rent	21,824	17,561
Utilities	19,705	18,500
Security expenses	11,416	10,413
Marketing and advertising expenses	7,402	7,841
Repairs and maintenance	43,417	39,442
Travelling expenses	9,137	10,089



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 OTHER OPERATING EXPENSES (CONTINUED)

Management contract expenses	3,843	2,752
Other expenses	3,828	869
Auditors' remuneration	671	732
Directors' remuneration:		
- Fees	119	135
- Others	190	198
	183,043	165,378

(b) BANK

	2018	2017
	TZS' Millions	TZS' Millions
Administrative expenses	67,319	62,578
Operating lease rent	21,824	17,561
Utilities	19,705	18,500
Security expenses	11,416	10,413
Marketing and advertising expenses	7,402	7,841
Repairs and maintenance	43,417	39,442
Travelling expenses	9,137	10,089
Management contract expenses	3,843	2,752
Other expenses	3,828	869
Auditors' remuneration	671	732
Directors' remuneration:		
- Fees	119	135
- Others	190	198
	188,871	171,110

14. DEPRECIATION AND AMORTISATION

(a) GROUP

	2018	2017
	TZS' Millions	TZS' Millions
Depreciation of property and equipment (Note 24(a))	42,275	25,118
Amortization of intangible assets (Note 25)	13,629	6,110
	55,904	31,228

(b) BANK

Depreciation of property and equipment (Note 24(b))	40,304	23,147
Amortization of intangible assets (Note 25)	13,629	6,110
	53,933	29,257

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. CURRENT INCOME TAX

(a) INCOME TAX EXPENSE - GROUP

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

	2018	2017
	TZS' Millions	TZS' Millions
Current tax:		
In respect of current year (Note 15(c))	57,319	60,058
Deferred tax:		
In respect of current year (Note 26)	(9,715)	(16,236)
In respect of prior year (Note 26)	(4,203)	383
	(13,918)	(15,853)
	43,401	44,205

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

	2018	2017
	TZS' Millions	TZS' Millions
Reconciliation of account profit to tax charge:		
Profit before income tax	144,362	139,814
Tax calculated at the statutory income tax rate of 30% (2017: 30%)	43,309	41,944
<i>Tax effect of:</i>		
Depreciation on non-qualifying assets	927	498
Expenses not deductible for tax purposes	3,368	2,157
Alternative minimum tax - UJVC	-	18
Recognition of prior year deferred tax in UJVC	-	(795)
Net (under)/over provision of deferred tax in prior year	(4,203)	383
Income tax expense	43,401	44,205

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 CURRENT INCOME TAX (CONTINUED)

(b) INCOME TAX EXPENSE - BANK

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

	2018	2017
	TZS' Millions	TZS' Millions
Current tax:		
In respect of current year (Note 15(d))	57,215	60,040
Deferred tax:		
In respect of current year (Note 26)	(10,443)	(16,014)
In respect of prior year (Note 26)	(2,794)	383
	(13,237)	(15,631)
	43,978	44,409

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

	2018	2017
	TZS' Millions	TZS' Millions
Reconciliation of account profit to tax charge:		
Profit before income tax	141,641	137,903
Tax calculated at the statutory income tax rate of 30% (2017: 30%)	42,492	41,371
<i>Tax effect of:</i>		
Depreciation on non-qualifying assets	927	498
Expenses not deductible for tax purposes	3,353	2,157
Net over provision of deferred tax in prior year	(2,794)	383
Income tax expense	43,978	44,409

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 CURRENT INCOME TAX (CONTINUED)

(c) CURRENT TAX ASSETS - GROUP

	2018	2017
	TZS' Millions	TZS' Millions
At start of the year	1,905	891
Current year tax expense (Note 15(a))	(57,319)	(60,058)
Tax paid	68,480	61,072
Tax recoverable	13,066	1,905

(d) CURRENT TAX ASSETS - BANK

At start of the year	1,923	891
Current year tax expense (Note 15(b))	(57,215)	(60,040)
Tax paid	68,480	61,072
Tax recoverable	13,188	1,923

16. EARNINGS PER SHARE

(a) GROUP

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

	2018	2017
	TZS' Millions	TZS' Millions
Net profit attributable to shareholders	100,510	95,320
Weighted average number of shares in issue in millions (Note 34)	500	500
Basic and diluted earnings per share	201.02	190.64

(b) BANK		
Net profit attributable to shareholders	97,663	93,494
Weighted average number of shares in issue in millions (Note 34)	500	500
Basic and diluted earnings per share	195.33	186.99

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. DIVIDEND PER SHARE

Dividends are not recognised as a liability until they have been ratified at the Annual General Meeting. The Directors propose payment of a dividend of TZS 66 per share, amounting to TZS 33,000 million out of 2018 profit. In 2017, dividend of TZS 64 per share, amounting to TZS 32,000 million was approved and paid.

18. CASH AND BALANCES WITH BANK OF TANZANIA

	2018	2017
	TZS' Millions	TZS' Millions
• Local Currency	358,414	315,670
• Foreign Currency	44,295	42,652
Balances With Bank of Tanzania		
• Local Currency	152,829	285,371
• Foreign Currency	112,785	115,970
Statutory Minimum Reserves (SMR)*	402,099	396,659
	1,070,422	1,156,322
Current	1,070,422	1,156,322

*The SMR deposit is not available to finance the Bank's day-to-day operations and hence excluded from cash and cash equivalents for the purpose of the cash flow statement (See Note 35). Cash in hand and balances with Bank of Tanzania are non-interest bearing.

19. PLACEMENTS AND BALANCES WITH OTHER BANKS

	2018	2017
	TZS' Millions	TZS' Millions
Balances with banks abroad	113,569	144,713
Placement with local banks		
• Local currency	60,822	94,879
• Foreign currency	-	3,139
	174,391	242,731
Current	174,391	242,731

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	2018	2017
	TZS' Millions	TZS' Millions
Loans and advances to customers		
Retail customers		
Salaried workers loans (SWL)	1,823,158	1,582,062
MSE loans	365,777	302,345
Other consumer loans	130,355	32,817
	2,319,290	1,917,224
Corporate entities		
Large corporate entities	693,019	662,631
SME loans	224,635	200,819
	917,654	863,450
Agribusiness loans	136,056	96,007
Gross loans and advances to customers	3,373,000	2,876,681
Less: allowance for impairment	(131,599)	(104,949)
Net loans and advances to customers	3,241,401	2,771,732

Analysis of loans and advances to customers by maturity

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

	2018	2017
	TZS' Millions	TZS' Millions
Maturing:		
Within 1 year	1,023,215	906,200
Between 1 year and 5 years	1,428,335	1,711,621
Over 5 years*	789,851	153,911
	3,241,401	2,771,732

*During the year the Bank made some changes to its loans features including the maximum loan tenor. This has caused an increase in loans and advances balance with maturity over 5 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Loans and advances to customers

	2018	2017
	TZS' Millions	TZS' Millions
Retail customers		
Salaried workers loans	1,823,158	1,582,062
MSE loans	365,777	302,345
Other consumer loans	130,355	32,817
	2,319,290	1,917,224
Corporate entities		
Large corporate entities	703,412	677,947
SME loans	224,635	200,819
	928,047	878,766
Agribusiness loans	136,056	96,007
Gross loans and advances to customers	3,383,393	2,891,997
Less: allowance for impairment	(131,599)	(104,949)
Net loans and advances to customers	3,251,794	2,787,048

Analysis of loans and advances to customers by maturity

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

	2018	2017
	TZS' Millions	TZS' Millions
Maturing:		
Within 1 year	1,028,411	906,200
Between 1 year and 5 years	1,433,532	1,726,937
Over 5 years*	789,851	153,911
	3,251,794	2,787,048

*During the year the Bank made some changes to its loans features including the maximum loan tenure. This has caused an increase in loans and advances balance with maturity over 5 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Movement in the allowance account for losses on loans:	Corporate	MSE	SME	SWL	Other consumer loans	Agribusiness	Total
	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions
At 1 January 2018							
- As previously stated	68,150	7,863	8,059	15,653	474	4,750	104,949
- Impact of IFRS 9 adoption	7,810	1,307	(3,829)	7,832	626	995	14,741
- After IFRS 9 Adoption	75,960	9,170	4,230	23,485	1,100	5,745	119,690
Increase in allowance for loan impairment*	57,447	18,926	18,726	18,577	6,067	15,513	135,256
Write-offs	(66,853)	(9,522)	(11,271)	(21,702)	(2,329)	(11,670)	(123,347)
At 31 December 2018	66,554	18,574	11,685	20,360	4,838	9,588	131,599
At 1 January 2017	8,630	4,912	3,077	20,863	167	15,098	52,747
Increase in allowance for loan impairment	59,520	8,241	7,204	48,580	2,119	5,332	130,996
Write-offs	-	(5,290)	(2,222)	(53,790)	(1,812)	(15,680)	(78,794)
At 31 December 2017	68,150	7,863	8,059	15,653	474	4,750	104,949

*The high impairment charge is mainly due to challenges in the portfolio particularly corporate book, Agribusiness and SME/MSE and emerging corporates. In addition, the adoption of IFRS 9 on 1 January 2018 resulted in increase in impairment stock by TZS 15 billion.

**Some of the loan loss allowance for some corporates clients and salaried workers loans with forged academic records provided for in the previous year were written-off during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. (a) GOVERNMENT SECURITIES AT AMORTISED COST (GROUP AND BANK)

	2018	2017
	TZS' Millions	TZS' Millions
Treasury Bills:		
Maturing within 91 days	93,889	202,161
Maturing after 91 days	154,551	220,571
	248,440	422,732
Treasury Bonds:		
Maturing within 91 days	18,591	42,854
Maturing after 91 days	457,912	425,998
	476,503	468,852
Recapitalisation Bond:		
Maturing within 91 days	-	12,015
Maturing after 91 days	-	15,500
	-	27,515
	724,943	919,099
Current	428,861	610,354
Non-current	296,082	308,745
	724,943	919,099

Interest on recapitalisation bond is received semi-annually at a variable rate, a maximum of 12.6% and a minimum of 7% computed as a weighted average of interest rate on Treasury Bills over the last six months. Treasury Bills and Bonds are debt securities issued by the Government of the United Republic of Tanzania at an effective rate of 13.3% (2017: 16.7%).

Government securities with face value of TZS 6,477 million (2017: TZS 11,477 million) with maturity date of 12 October 2024 are pledged as securities to borrowing advanced by TMRC.

The movement in investment securities may be summarized as follows:

	2018	2017
	TZS' Millions	TZS' Millions
At 1 January	919,099	724,197
Additions	558,758	886,571
Matured securities	(752,914)	(691,669)
At 31 December	724,943	919,099

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 (b): GOVERNMENT SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (GROUP AND BANK)

The Group has invested in various treasury bonds that are designated at fair value through other comprehensive income. The movement in these securities is as follows:

	2018	2017
	TZS' Millions	TZS' Millions
At 1 January	870	719
Interest income	1,597	37
Realised gain on fair valuation credited to P&L	1,033	19
Unrealised fair valuation gain credited to OCI (Note 34 (v))	260	95
Additions	50,090	-
Disposed	(38,608)	-
At 31 December	15,242	870
Non-current	15,242	870

22. EQUITY INVESTMENTS

(a) Group

Investment at FVOCI

Company name	2018 TZS' Millions	% Share-holding	2017 TZS' Millions	% Share-holding
Tanzania Mortgage Refinance Company Limited (TMRC)	2,920	9.73	1,740	15.06

TMRC is a private company and there is no quoted market price available for the shares. On adoption of IFRS 9 the investment has been re-measured at fair-value through other comprehensive income. Fair value was determined by observing a recent transaction in the market. As at 31 December 2018, the Bank had 1,800,000 shares in TMRC.

(b) Bank

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

(i) Investment in a subsidiary

Company name	2018 TZS' Millions	% Share-holding	2017 TZS' Millions	% Share-holding
Upanga Joint Venture Company Limited	39,639	88	39,639	88

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

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. EQUITY INVESTMENTS (CONTINUED)

b) *Bank (Continued)*

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

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

Summarised statement of financial position

	2018	2017
	TZS' Millions	TZS' Millions
Current		
Total current assets	18,075	6,951
Current liabilities	(8,774)	(7,219)
Total net current assets /(liabilities)	9,301	(268)
Non-current		
Assets	38,998	40,288
Liabilities	(14,067)	(10,211)
Total non-current net assets	24,931	30,077
Total net assets	34,232	29,809

Summarised statement of comprehensive income

	2018	2017
	TZS' Millions	TZS' Millions
Revenue	6,033	6,002
Cost of sales	(115)	(109)
Finance costs	(1,083)	(1,480)
Administrative expenses	(2,008)	(2,132)
Loss on foreign exchange	(53)	(370)
Tax credit	577	204
Profit after tax	3,351	2,114
Allocated to non- controlling interest	451	289

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. EQUITY INVESTMENTS (CONTINUED)

b) bank (Continued)

Summarised cash flows

	2018	2017
	TZS' Millions	TZS' Millions
Net cash generated in operations	18,354	6,065
Net cash used in investing activities	-	-
Net cash used in financing activities	(6,059)	(6,167)
Net increase/(decrease) in cash and cash equivalents	12,295	(102)
Cash and cash equivalents at start of the year	91	193
Cash and cash equivalents at end of the year	12,386	91

(ii) Investment at fair value through other comprehensive income

Company name	2018 TZS' Millions	% Share-holding	2017 TZS' Millions	% Share-holding
Tanzania Mortgage Refinance Company Ltd	2,920	9.73	1,740	15.06

23. OTHER ASSETS

(a) GROUP

	2018	2017
	TZS' Millions	TZS' Millions
Prepayments	43,728	24,616
Service fees receivable	2,378	5,551
Staff imprest	33	42
Cheques and items for clearing	1,613	-
Other receivables	22,553	24,329
Balances with mobile network operators	16,018	10,777
Less: impairment allowance for other receivables	(1,568)	(582)
	84,755	64,733
Current	75,884	64,733
Non-current	8,871	-
	84,755	64,733
The movement in allowance for impairment of other receivables is as follows:		
At start of the year	(582)	(408)
Charge for the year	(986)	(174)
At end of year	(1,568)	(582)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. OTHER ASSETS (CONTINUED)

(b) BANK

	2018	2017
	TZS' Millions	TZS' Millions
Prepayments	43,627	24,540
Service fees receivable	2,378	5,551
Staff advance	33	42
Cheques and items for clearance	1,613	-
Balances with mobile network operators	16,268	10,777
Other receivables	16,018	16,552
Less: Allowance for impairment of other receivables	(1,568)	(582)
	78,369	56,880
Current	69,498	56,880
Non-current	8,871	-
At end of the year	78,369	56,880
<i>The movement in allowance for impairment of other receivables is as follows:</i>		
At start of the year	(582)	(408)
Charge for the year	(986)	(174)
At end of the year	(1,568)	(582)

Other assets have not been pledged as security for liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. PROPERTY AND EQUIPMENT

(a) GROUP

	Own building	Leasehold improvement	Motor vehicles	Computers, furniture and equipment	Capital work in progress	Total
	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions
Year ended 31 December 2018						
COST						
At 1 January 2018	102,571	32,679	16,933	132,615	130,591	415,389
Additions	43	10	129	12,082	13,266	25,530
Transfers from work in progress	48,940	26,666	48	52,530	(128,184)	-
Transfer from prepayments	-	-	1,846	5,222	1,483	8,551
Transfer to intangible assets*	-	-	-	(2,321)	(718)	(3,039)
Disposal	-	-	(545)	(2,917)	-	(3,462)
At 31 December 2018	151,554	59,355	18,411	197,211	16,438	442,969
DEPRECIATION						
At 1 January 2018	23,950	19,627	10,248	84,408	-	138,233
Charge for the year	6,432	3,677	3,061	29,105	-	42,275
Disposal	-	-	(434)	(2,805)	-	(3,239)
At 31 December 2018	30,382	23,304	12,875	110,708	-	177,269
NET BOOK VALUE						
At 31 December 2018	121,172	36,051	5,536	86,503	16,438	265,700

The capital work in progress relates to the ongoing projects of branch remodelling. No property and equipment of the Group and Bank has been pledged as security for liabilities.

*The transfer to intangible assets represents the cost of software portion of the asset which was initially capitalized with its hardware.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. PROPERTY AND EQUIPMENT (CONTINUED)

a) GROUP (CONTINUED)

	Own building	Leasehold improvement	Motor vehicles	Computers, furniture and equipment	Capital work in progress	Total
	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions

Year ended 31 December 2017

COST

At 1 January 2017	102,571	32,679	13,590	112,768	122,480	384,088
Additions	-	-	-	10,420	34,875	45,295
Transfers from work in progress	-	-	3,477	23,287	(26,764)	-
Transfer from prepayments	-	-	318	-	-	318
Disposal	-	-	(452)	(13,860)	-	(14,312)
At 31 December 2017	102,571	32,679	16,933	132,615	130,591	415,389

DEPRECIATION

At 1 January 2017	19,195	17,143	8,042	83,028	-	127,408
Charge for the year	4,755	2,484	2,658	15,221	-	25,118
Disposal	-	-	(452)	(13,841)	-	(14,293)
At 31 December 2017	23,950	19,627	10,248	84,408	-	138,233

NET BOOK VALUE

At 31 December 2017	78,621	13,052	6,686	48,206	130,591	277,156
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The capital work in progress relates to the on-going projects of branch remodelling and equipment for new data centre and network equipment at Head office. No property and equipment of the Group and Bank has been pledged as security for liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. PROPERTY AND EQUIPMENT (CONTINUED)

b) BANK

	Own building	Leasehold improvement	Motor vehicles	Computers, furniture and equipment	Capital work in progress	Total
	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions
Year ended 31 December 2018						
COST						
At 1 January 2018	59,551	32,679	16,933	132,615	130,591	372,369
Additions	43	10	129	12,082	13,266	25,530
Transfers from work in progress	48,940	26,666	48	52,530	(128,184)	-
Transfer from prepayments	-	-	1,846	5,222	1,483	8,551
Transfer to intangible assets*	-	-	-	(2,321)	(718)	(3,039)
Disposal	-	-	(545)	(2,917)	-	(3,462)
At 31 December 2018	108,534	59,355	18,411	197,211	16,438	399,949
DEPRECIATION						
At 1 January 2018	20,994	19,627	10,247	84,409	-	135,277
Charge for the year	4,461	3,677	3,061	29,105	-	40,304
Disposal	-	-	(434)	(2,805)	-	(3,239)
At 31 December 2018	25,455	23,304	12,874	110,709	-	172,342
NET BOOK VALUE						
At 31 December 2018	83,079	36,051	5,537	86,502	16,438	227,607

The capital work in progress relates to the ongoing projects of branch remodelling. No property and equipment of the Group and Bank has been pledged as security for liabilities.

*The transfer to intangible assets represents the cost of software portion of the asset which was initially capitalized with its hardware.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. PROPERTY AND EQUIPMENT (CONTINUED)

b) BANK CONTINUED)

	Own building	Leasehold improvement	Motor vehicles	Computers, furniture and equipment	Capital work in progress	Total
	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions

COST

Year ended 31 December 2017

At 1 January 2017	59,551	32,679	13,590	112,768	122,478	341,066
Additions	-	-	-	10,420	34,875	45,295
Transfer from prepayment	-	-	318	-	-	318
Transfers from work in progress	-	-	3,477	23,287	(26,764)	-
Disposal	-	-	(452)	(13,860)	-	(14,312)
At 31 December 2017	59,551	32,679	16,933	132,615	130,589	372,367

DEPRECIATION

At 1 January 2017	18,210	17,143	8,042	83,028	-	126,423
Charge for the year	2,784	2,484	2,657	15,222	-	23,147
Disposal	-	-	(452)	(13,841)	-	(14,293)
At 31 December 2017	20,994	19,627	10,247	84,409	-	135,277

NET BOOK VALUE

At 31 December 2017	38,557	13,052	6,686	48,206	130,589	237,090
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The capital work in progress relates to the on-going projects of branch remodelling and equipment for new data centre and network equipment at Head office. No property and equipment of the Group and Bank has been pledged as security for liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. INTANGIBLE ASSETS (GROUP AND BANK)

	Computer Software	Work in progress	Total
	TZS' Millions	TZS' Millions	TZS' Millions
2018			
Cost:			
At 1 January	37,018	8,949	45,967
Additions	8,518	3,412	11,930
Transfer from work in progress	10,383	(10,383)	-
Reclassified from property and equipment	3,039	-	3,039
At 31 December	58,958	1,978	60,936
Amortisation			
At 1 January	26,066	-	26,066
Charge for the year	13,629	-	13,629
At 31 December	39,695	-	39,695
Net book value	19,263	1,978	21,241
2017			
Cost:			
At 1 January	26,652	8,765	35,417
Additions	6,228	4,322	10,550
Transfer from work in progress	4,138	(4,138)	-
At 31 December	37,018	8,949	45,967
Amortisation			
At 1 January	19,956	-	19,956
Charge for the year	6,110	-	6,110
At 31 December	26,066	-	26,066
Net book value	10,952	8,949	19,901

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. (a) DEFERRED TAX ASSETS (GROUP)

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

	2018	2017
	TZS' Millions	TZS' Millions
At start of year	43,338	27,513
<i>(Debit)/credit to profit or loss:</i>		
In respect to current year (Note 15(a))	9,715	16,236
In respect of prior year: Under/(Over) provision (Note 15(a))	4,203	(383)
Impact of IFRS 9 adoption – to retained earnings	5,308	-
<i>Debit to OCI</i>		
Current year – charged to OCI	(432)	(28)
At the end of year	62,132	43,338

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

Year ended 31 December 2018	1 January TZS' Millions	Credited to profit or loss TZS' Millions	Charged to OCI TZS' Millions	IFRS 9 adoption TZS' Millions	31 December TZS' Millions
Deferred income tax asset					
Property and equipment	6,056	1,617	-	-	7,673
Provisions	37,310	12,953	-	5,308	55,571
Other temporary differences	-	(652)	-	-	(652)
Fair valuation gain – debt instruments	(28)	-	(78)	-	(106)
Fair valuation gain – equity instruments	-	-	(354)	-	(354)
	43,338	13,918	(432)	5,308	62,132

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. (a) DEFERRED TAX ASSETS (GROUP) (CONTINUED)

Year ended 31 December 2017 Deferred income tax asset	1 January TZS' Millions	Credited to profit or loss TZS' Millions	Charged to OCI TZS' Millions	31 December TZS' Millions
Property and equipment	5,055	1,001	-	6,056
Provisions	22,458	14,852	-	37,310
Fair valuation gain	-	-	(28)	(28)
	27,513	15,853	(28)	43,338

	2018	2017
	TZS' Millions	TZS' Millions
Expected to be recovered within 12 months	6,660	6,005
Expected to be recovered after 12 months	55,472	37,333
	62,132	43,338

26 (b) DEFERRED TAX ASSETS (BANK)

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

	2018	2017
	TZS' Millions	TZS' Millions
In respect to current year (Note 15(b))	10,443	16,014
At start of year	43,116	27,513
<i>Credit/(Debit) to profit or loss:</i>		
In respect of prior year: Over provision (Note 15(b))	2,794	(383)
Impact of IFRS 9 adoption – to retained earnings	5,308	-
<i>Debit to OCI:</i>		
In respect of current year	(432)	(28)
At the end of year	61,229	43,116

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. (b) DEFERRED TAX ASSETS (BACK) (CONTINUED)

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

Year ended 31 December 2018	1 January TZS' Millions	Credited to retained earnings on IFRS 9 Adoption TZS' Millions	Credited to profit or loss TZS' Millions	Charged to OCI TZS' Millions	31 December TZS' Millions
Deferred income tax asset					
Property and equipment	6,056		300	-	6,356
Provisions	37,088	5,308	12,937	-	55,333
Fair valuation gain – debt instruments	(28)	-	-	(78)	(106)
Fair valuation gain – equity instruments	-	-	-	(354)	(354)
	43,116	5,308	13,237	(432)	61,229

Deferred income tax asset

Property and equipment	5,055	1,001	-	6,056
Provisions	22,458	14,630	-	37,088
Fair valuation gain	-	-	(28)	(28)
	27,513	15,631	(28)	43,116

	2018	2017
	TZS' Millions	TZS' Millions
Expected to be recovered within 12 months	6,614	3,570
Expected to be recovered after 12 months	54,615	39,546
	61,229	43,116

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. DEPOSITS FROM CUSTOMERS

(a) GROUP

Deposits due to customers are composed of the following;

	2018	2017
	TZS' Millions	TZS' Millions
Current accounts	1,696,480	2,022,960
Personal accounts	2,002,879	1,743,447
Time deposit accounts	615,861	505,651
	4,315,220	4,272,058
Current	4,150,494	4,268,085
Non-current	164,726	3,973
	4,315,220	4,272,058
(b) BANK		
Current accounts	1,708,866	2,023,051
Personal accounts	2,002,879	1,743,447
Time deposit accounts	615,862	505,651
	4,327,607	4,272,149
Current	4,162,881	4,268,176
Non-current	164,726	3,973
	4,327,607	4,272,149

28. BALANCES DUE TO OTHER BANKS (GROUP AND BANK)

	2018	2017
	TZS' Millions	TZS' Millions
Deposits from other banks	4,475	149
Short-term money market borrowings	16,295	-
	20,770	149
Current	20,770	149

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. OTHER LIABILITIES

(a) GROUP

	2018	2017
	TZS' Millions	TZS' Millions
Sundry liabilities	64,989	54,772
Accrued expenses	35,019	30,939
Bills payable	2,139	2,177
Cheques and items for clearing to other banks	-	106
Impairment provision for off-balance sheet items (Note 6.1.5(e))	5,002	-
	107,149	87,994
Current	107,149	87,994

(b) BANK

	2018	2017
	TZS' Millions	TZS' Millions
Sundry liabilities	51,514	52,356
Accrued expenses	35,019	30,939
Bills payable	2,139	2,177
Cheques and items for clearing due to other banks	-	106
Impairment provision for off-balance sheet items (Note 6.1.5(e))	5,002	-
	93,674	85,578
Current	93,674	85,578

30. PROVISIONS (GROUP AND BANK)

	2018	2017
	TZS' Millions	TZS' Millions
Provision for losses from legal cases	3,519	2,784
Movement in provision		
At the start of year	2,784	2,648
Charged during the year	735	136
At end of year	3,519	2,784

The amounts represent provision for certain legal claims brought against the Bank by third parties in the course of business. In the directors' opinion, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided as at 31 December 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. BORROWINGS (GROUP AND BANK)

	2018	2017
	TZS' Millions	TZS' Millions
Borrowings:		
• EIB Loan (i)	32,700	61,416
• FMO Loan (ii)	124,200	177,118
• Triodos (iii)	28,332	28,332
• NMB Bond (iv)	64,802	63,427
• TMRC (v)	6,700	1,700
• IFC (vi)	40,250	-
Accrued interest	4,404	4,937
	301,388	336,930
Current	158,132	111,916
Non-current	143,256	225,014
	301,388	336,930

As at 31 December 2018, the Group had no borrowing at default.

(i) European Investment Bank (EIB) loan

As at 31 December 2018, the Bank had a borrowing balance from EIB of TZS 25,093 million (2017: TZS 49,428 million) being accumulation of TZS loans payable semi-annually within four to seven years at effective interest rate of 8.37% (2017: 8.22%). In addition, as at 31 December 2018, the Bank had a borrowing balance from EIB of USD 3.3 million (2017: USD 5.3 million) equivalent to TZS 7,607 million (2017: TZS 11,988 million) being accumulation of various USD loans payable over a period of four to seven years at a fixed interest rate. The effective interest rate of the loan during the year was 3.25% (2017: 3.11%). The loans were taken for the purpose of better Assets Liability management. The loans are unsecured.

As at 31 December 2018, the Bank was compliant with all the lender's covenants.

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

The Bank borrowed from FMO in 2013 loan of USD 65 million repayable semi-annually and carries a floating rate based on six months LIBOR rate. The effective interest rate is 5.3%. The loan was taken for the purpose of better Assets Liability management. The loan is unsecured. As at 31 December 2018 the balance was USD 13 Million equivalent to TZS 29,900 million (2017: USD 26 million equivalent to TZS 58,292 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. BORROWINGS (GROUP AND BANK) (CONTINUED)

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

In 2015, the Bank obtained additional unsecured loan of USD 35 million repayable semi-annually within five to six years and carries a floating rate based on six months LIBOR rate. The effective interest rate was 5.5%, during the year. The outstanding balance as at 31 December 2018 was USD 21 million equivalent to TZS 48,300 million (2017: USD 28 million equivalent to TZS 62,620 million).

Moreover in 2017, the bank drew down tranche 2 of the 2015 contract amounting to USD 25 Million repayable semi-annually within five to six years and carries a floating rate based on six months LIBOR rate. The effective interest rate was 5.5%, during the year. The outstanding balance as at 31 December 2018 was USD 20 million equivalent to TZS 46,000 million (2017: USD 25 million equivalent to TZS 56,206 million).

As at 31 December 2018, the Bank was compliant with all the lender's covenants.

(iii) *Triodos B.V.*

The Bank borrowed from Triodos this year an amount of TZS 28.3 billion repayable semi-annually and carrying a fixed rate. The effective interest rate is 14.4%. The loan was taken for the purpose of better Assets Liability management. The loan is unsecured. As at 31 December 2018 the balance was TZS 28,332 million.

As at 31 December 2018, the Bank was compliant with all the lender's covenants.

(iv) *NMB Bond*

Retail Bond

At the end of 2015, the Bank received regulatory approval for multi-currency, medium-term bond program amounting to TZS 200 billion. On 10 May 2017, the Bank issued the first tranche of this program. The Bank issued a TZS 20 billion 3-year bond targeted towards the retail investor segment; offering a gross coupon rate of 13% and issued at par. The coupon on the bond is paid semi-annually. The offer period closed on June 2017 with market demand exceeding expectations. The bond was oversubscribed by 107% with the Bank receiving applications from investors amounting to TZS 41.4 billion.

Corporate Bond

On 28 December 2018 and 29 December 2018, the Bank issued the second tranche of the Medium-Term Note (MTN) program amounting TZS 17,096 million and TZS 5 billion respectively via a private placement. The issue was targeted towards corporate investors at a gross coupon rate of 13.5% for a period of 3 years.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. BORROWINGS (GROUP AND BANK) (CONTINUED)

iv) NMB Bond (Continued)

As at 31 December 2018, TZS 136,504 million on the MTN program was not issued by the Bank. Subsequent tranches will be issued as and when the Bank requires and when market conditions are conducive.

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

(v) Tanzania Mortgage Refinance Company Limited

At the end of 2017, the Bank had borrowed from Tanzania Mortgage Refinance Company Limited (TMRC) a renewable loan of TZS 1.7 billion maturing in 48 months and carries a fixed rate of 11.5% p.a. The loan is secured by specific debenture over the portfolio of mortgage loans covering at least 125% of the loan amount.

During the year, the Bank secured an additional TZS 5 billion loan with a 3-year tenor at a fixed interest rate of 11.5%. The loan is secured by a portfolio of treasury bonds with a coverage ratio of at least 105.3% and minimum remaining tenor of 3 years from the date of disbursement.

The loans were taken for the purpose of re-financing a portfolio of mortgage loans. The effective interest rate of the loans is 11.5%.

As at 31 December 2018 the balance was TZS 6.7 billion (2017: TZS 1.7 billion).

(vi) International Finance Corporation (IFC)

The bank obtained a short-term loan from IFC this year an amount of USD 17.5 million repayable in 2019 in one bullet and carries a floating rate based on three months LIBOR rate. The effective interest rate during the year was 4.1%. The loan was taken for the purpose of better Assets Liability management. The loan is unsecured. As at 31 December 2018 the balance was USD 17.5 million equivalent to TZS 40,250 million.

As at 31 December 2018, the Bank was compliant with all the lenders covenants.

32. SUBORDINATED DEBT (GROUP AND BANK)

During the year, the bank borrowed from International Finance Corporation (IFC) an amount of TZS 68,190 million repayable semi-annually after lapse of 5 years grace period and carrying a fixed rate. The loan was taken for the purpose of improving the Tier II capital of the Bank. The loan is unsecured. As at 31 December 2018 the balance was TZS 68,190 million.

As at 31 December 2018, the Bank was compliant with all the lender's covenants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. SUBORDINATED DEBT (GROUP AND BANK) (CONTINUED)

	2018	2017
	TZS' Millions	TZS' Millions
Principal	68,190	-
Accrued interest	2,782	-
	70,972	-
Non-Current	70,972	-

33. NET DEBT RECONCILIATION (GROUP AND BANK)

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

	2018	2017
	TZS' Millions	TZS' Millions
Cash and cash equivalents (Note 35)	842,714	1,002,394
Borrowings repayable within one year	(177,961)	(111,916)
Borrowings repayable after one year	(194,399)	(225,014)
Net debt	470,354	665,464
Cash and cash equivalents (Note 35)	842,714	1,002,394
Gross debt – fixed interest rate	(174,372)	(156,730)
Gross debt – variable interest rate	(197,988)	(180,200)
Net debt	470,354	665,464

	Assets		Liabilities from financing activities		Total
	Cash and cash equivalents	Borrowing due within 1 year	Borrowing due after 1 year		
	TZS' Millions	TZS' Millions	TZS' Millions		TZS' Millions
At 1 January 2018	1,002,394	(111,916)	(225,014)		665,464
Cash flows	(166,541)	(61,450)	30,615		(207,976)
Movement in accrued interest	-	(4,595)	-		-
Foreign exchange adjustment	6,861	-	-		6,861
Net debt	842,714	(177,961)	(194,399)		470,354
At 1 January 2017	697,580	(74,564)	(278,239)		344,777
Cash flows	297,334	(37,352)	53,225		313,207
Foreign exchange adjustment	7,480	-	-		7,480
Net debt	1,002,394	(111,916)	(225,014)		665,464

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. CAPITAL AND RESERVES

(i) Share capital

	2018	2017
	TZS' Millions	TZS' Millions
Authorised		
625,000,000 ordinary shares of TZS 40 each	25,000	25,000
Called up and fully paid		
500,000,000 ordinary shares of TZS 40 each	20,000	20,000

(ii) Retained earnings

Retained earnings consist of undistributed profits from previous years.

(iii) General banking risk reserve

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

(iv) General reserve

General risk reserve represents 1% provision charged on all current credit accommodation and other risk assets as required by the Bank of Tanzania regulations, 2014. General Reserve is created by transferring the amount from retained earnings. This reserve is not available for distribution.

(v) Fair valuation reserve

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

	2018	2017
	TZS' Millions	TZS' Millions
Movement in fair valuation reserve is as follows:		
At 1 January		
• As previously stated	(127)	(194)
• Fair valuation adjustments due to IFRS 9 adoption	1,180	-
• Deferred tax adjustment due to IFRS 9 adoption	(354)	-
As stated after IFRS 9 adoption	699	(194)
Fair valuation gain of government securities at FVOCI	260	95
Deferred tax on fair valuation gain	(78)	(28)
	182	67
At 31 December	881	(127)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

35. CASH AND CASH EQUIVALENTS (GROUP AND BANK)

	2018	2017
	TZS' Millions	TZS' Millions
Cash and balances with Bank of Tanzania (Note 18)	1,070,422	1,156,322
Less: Statutory Minimum Reserves (Note 18)	(402,099)	(396,659)
Placement and balances with other banks (Note 19)	174,391	242,731
	842,714	1,002,394

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 91 days maturity from the date of acquisition including: cash and balances with Bank of Tanzania and Placement with other banks. Cash and cash equivalents exclude the cash reserve requirement held with the Bank of Tanzania.

36. NOTES TO THE STATEMENT OF CASH FLOWS

(a) GROUP

		2018	2017
	Note	TZS' Millions	TZS' Millions
Operating activities			
Profit before tax		144,362	139,814
<i>Adjustment for:</i>			
Depreciation and amortization	14	55,904	31,228
Profit on disposal of property and equipment	11	(143)	(204)
Realised gain on government security at FVOCI		(1,033)	(19)
Interest expense on borrowings	8	32,466	24,396
Interest income from government security at FVOCI	21(b)	(1,597)	(37)
Effect of movement in foreign exchange		(6,861)	(7,480)
		223,098	187,698
<i>Movement in operating assets:</i>			
Increase in Statutory Minimum Reserve		(5,440)	(6,817)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36. NOTES TO THE STATEMENT OF CASH FLOWS (GROUP) (CONTINUED)

(Increase)/Decrease in loans and advances to customers		(484,410)	2,732
Increase in other assets		(28,572)	(15,858)
Increase in deposits from customers		43,162	534,847
Increase/(decrease) in balances due to other banks		21,515	(11,027)
Increase in other liabilities		16,202	9,488
Increase in provisions	30	735	136
Cash (utilized in)/generated from operations		(213,710)	701,199

(b) BANK

		2018	2017
	Note	TZS' Millions	TZS' Millions
Operating activities			
Profit before tax		141,641	137,903
<i>Adjustment for:</i>			
Depreciation and amortization	14	53,933	29,257
Profit on disposal of property and equipment	11	(143)	(204)
Realised gain on government security at FVOCI	21(b)	(1,033)	(19)
Interest income on government security at FVOCI	21(b)	(1,597)	(37)
Interest expense on borrowings	8	32,466	24,396
Effect of movement in foreign exchange		(6,861)	(7,480)
		218,406	183,816
<i>Movement in operating assets:</i>			
Increase in Statutory Minimum Reserve		(5,440)	(6,817)
Decrease/(increase) in loans and advances to customers		(479,487)	7,419
Increase in other assets		(30,040)	(12,815)
Increase in deposits from customers		55,458	534,745
Increase/ (decrease) in balances due to other banks		21,515	(11,027)
Increase in other liabilities		5,143	5,742
Increase in provisions	30	735	136
Cash (utilized in)/generated from operations		(213,710)	701,199

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37. (a) FINANCIAL INSTRUMENTS BY CATEGORY (GROUP)

	Amortised <u>Cost</u>	Fair Value through <u>OCI</u>	<u>Total</u>
	TZS' Millions	TZS' Millions	TZS' Millions
31 December 2018			
Financial assets			
Cash and balances with Bank of Tanzania	1,070,422	-	1,070,422
Investment securities – at amortised cost	724,943	-	724,943
Investment securities – FVOCI	-	15,242	15,242
Placement and balances with other banks	174,391	-	174,391
Loans and advances to customers	3,241,401	-	3,241,401
Equity investments	-	2,920	2,920
Other assets (excluding prepayment) *	41,028	-	41,028
	5,252,185	18,162	5,270,347

	<u>Loans and receivables</u>	<u>Held to maturity</u>	<u>Available for sale</u>	<u>Total</u>
	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions
31 December 2017				
Financial assets				
Cash and balances with Bank of Tanzania	1,156,322	-	-	1,156,322
Investment securities – treasury bills	422,732	-	-	422,732
Investment securities – treasury bonds	-	496,367	-	496,367
Investment securities available for sale	-	-	870	870
Placement and balances with other banks	242,731	-	-	242,731
Loans and advances to customers	2,771,732	-	-	2,771,732
Equity investments	-	-	1,740	1,740
Other assets (excluding prepayment) *	40,116	-	-	40,116
	4,633,633	496,367	2,610	5,132,610

	2018	2017
Financial liabilities at amortised cost	TZS' Millions	TZS' Millions
Deposits from customers	4,315,220	4,272,058
Deposits from banks	20,770	149
Borrowings	301,388	336,930
Subordinated debt	70,972	-
Other liabilities (excluding non-financial other liabilities) **	96,377	76,565
	4,804,727	4,685,702

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 (b) FINANCIAL INSTRUMENTS BY CATEGORY (BANK) (CONTINUED)

	Amortised Cost	Fair Value through OCI	Total
	TZS' Millions	TZS' Millions	TZS' Millions
31 December 2018			
Financial assets			
Cash and balances with Bank of Tanzania	1,070,422	-	1,070,422
Investment securities at amortised cost	724,943	-	724,943
Investment securities at FVOCI	-	15,242	15,242
Placement and balances with other banks	174,391	-	174,391
Loans and advances to customers	3,251,794	-	3,251,794
Equity investments	-	2,920	2,920
Other assets (excluding prepayment) *	34,742	-	34,742
	5,256,292	18,162	5,274,454

	Loans and receivables	Held to maturity	Available for sale	Total
	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions
31 December 2017				
Financial assets				
Cash and balances with Bank of Tanzania	1,156,322	-	-	1,156,322
Investment securities - Treasury bills	422,732	-	-	422,732
Investment securities - Treasury bonds	-	496,367	-	496,367
Investment securities available for sale	-	-	870	870
Placement and balances with other banks	242,731	-	-	242,731
Loans and advances to customers	2,787,048	-	-	2,787,048
Equity investment	-	-	1,740	1,740
Other assets (excluding prepayment) *	32,340	-	-	32,340
	4,641,173	496,367	2,610	5,140,150

	2018	2017
Financial liabilities at amortised cost	TZS' Millions	TZS' Millions
Deposits from customers	4,327,607	4,272,149
Due from banks	20,770	149
Borrowings	301,388	336,930
Subordinated debt	70,972	-
Other liabilities (excluding non-financial other liabilities) **	82,902	77,777
	4,803,639	4,687,005

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

As at 31 December 2018, 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: -

Commitments

	2018	2017
	TZS' Millions	TZS' Millions
Guarantees and Indemnities	212,113	67,028
Undrawn Commitments	129,355	99,289
Acceptances and letters of credit	200,899	330,329
	542,367	496,646

Acceptances and letters of credit

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

(b) Legal claims

Some previous loan customers and ex-employees are suing the Bank for various reasons. With the exception of amounts disclosed in Note 30, the amounts claimed in both situations are not material and professional advice indicates that it is unlikely that any significant loss will arise.

(c) Capital commitments

As at 31 December 2018, the Bank had capital commitments of TZS 37,158 million (2017: TZS 28,872 million) in respect of new branches, branch remodeling, equipment and information technology. The expenditure contracted as at the end of reporting period but not yet incurred is as follows:

	2018	2017
	TZS' Millions	TZS' Millions
Information technology	29,436	16,642
Branch and business centres remodeling	4,238	5,162
Others including equipment, vehicles and furniture	3,484	7,068
	37,158	28,872

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38. CONTINGENT LIABILITIES AND COMMITMENTS (GROUP AND BANK) (CONTINUED)

c) Capital commitments (Continued)

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

(d) Operating lease commitments

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

	2018	2017
	TZS' Millions	TZS' Millions
Not later than 1 year	2,941	15,471
Later than 1 year and no later than 5 years	25,704	60,805
Later than 5 years	396,460	410,273
Total	425,105	486,550

39. EFFECTIVE INTEREST RATES OF FINANCIAL ASSETS AND LIABILITIES (GROUP AND BANK)

The effective interest rates for the principal financial assets and liabilities at 31 December 2018 were as follows:

	2018	2017
	TZS' Millions	TZS' Millions
Government securities	13.54	13.33
Deposits with banking institutions	5.23	12.78
Loans and advances to customers	15.41	16.81
Customer deposits	1.74	2.4
Deposits from banks	8.45	3.85
Borrowings	8.72	7.17

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40. RELATED PARTY TRANSACTIONS AND BALANCES

A number of banking transactions are entered into with related parties in the normal course of business. These include loans, deposits and foreign currency transactions. The volumes of related party transactions, outstanding balances at year-end, and related expense and income for the year are as follows:

(a) Loans and advances to related parties

At 31 December 2018 there were no loans issued to companies controlled by the Directors or their families. Advances to customers at 31 December 2018 include loans to key management personnel as follows:

Key management personnel

GROUP	2018	2017
	TZS' Millions	TZS' Millions
At start of year	1,527	1,427
Advanced during the year	768	387
Repaid during the year	(1,008)	(287)
At end of year	1,287	1,527
Interest income earned	78	118

BANK	Key management personnel		Related Companies	
	2018 TZS' Millions	2017 TZS' Millions	2018 TZS' Millions	2017 TZS' Millions
At start of year	1,527	1,427	15,316	20,003
Advanced during the year	768	387	-	-
Repaid during the year	(1,008)	(287)	(4,726)	(4,687)
At end of year	1,287	1,527	10,590	15,316
Interest income earned	78	118	1,100	1,480

No provisions have been recognized in respect of loans given by the Group and Bank to related parties (2017: Nil). Mortgage loans issued to key management were secured and the rest were unsecured. These loans carry off-market interest rates ranging between 5% and 9% and are repayable on demand. As at 31 December 2018, the Group and Bank held collateral valued at TZS 2,556 million (2017: TZS 10,084 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

a). Loans and advances to related parties (Continued)

The Bank had advanced loans of USD 12.3 million (2015: USD 7.3 million and 2013: USD 5 million) to its subsidiary Upanga Joint Venture Company Limited (UJVC) to meet costs of construction of its headquarters. The loan is repayable in 84 months and attracts a fixed interest rate of 8% p.a. (for the first three years) and floating rate at six months LIBOR + 7.5% p.a. from year four to the last year of the facility. As at the year-end, outstanding loan balance was TZS 10,590 million equivalent to USD 4.6 million (2017: TZS 15,316 million equivalent to USD 6.8 million).

(b) Deposits from related parties

GROUP

	Directors and key Management personnel	
	2018 TZS' Millions	2017 TZS' Millions
Deposits at the beginning of the year	390	448
Deposits received during the year	3,144	3,966
Deposits repaid during the year	(3,261)	(4,024)
Deposits as at the end of the year	273	390
Interest expense	4	4

BANK

	Directors and key Management personnel		Related companies	
	2018 TZS' Millions	2017 TZS' Millions	2018 TZS' Millions	2017 TZS' Millions
Deposits at the beginning of the year	390	448	92	213
Deposits received during the year	3,144	3,966	21,553	13,115
Deposits repaid during the year	(3,261)	(4,024)	(9,156)	(13,236)
Deposits as at the end of the year	273	390	12,489	92
Interest expense	4	4	-	-

The above deposits are unsecured, carry variable interest rate and are repayable on demand. Related companies included in this disclosure is Upanga Joint Venture Company Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(c) Transactions and balances with Rabobank (Group and Bank)

Based on the management service contract approved by the Board, a total of TZS 3,843 million (2017: TZS 2,752 million) was paid to Rabobank during the year as management and technical assistance expenses. Management fees payable as at year-end was TZS 458 million (2017: TZS 852 million).

Nostro balances with Rabobank at year-end amounted to TZS 17,523 million (2017: TZS 3,964 million). There was no inter-bank balance due to Rabobank as at year-end. The Bank incurred expenses amounting to TZS 512 million (2017: TZS 325 million) refundable from Rabobank.

(d) Transactions and balances with Upanga Joint Venture (BANK)

During the year, the Bank made operating lease rent payments amounting to TZS 6 billion (2017: TZS 6 billion) to Upanga Joint Venture Limited. As at 31 December 2018, the Bank had prepaid rent amounting to TZS 12,067 million (2017: Nil).

(e) Key management compensation

(GROUP AND BANK)

	2018	2017
	TZS' Millions	TZS' Millions
Salaries and other short-term benefits	3,760	3,587
Post-employment benefits - defined contribution plan	348	304
	4,108	3,891

Key management personnel are described as those persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly. The compensation made to expatriates from Rabobank is included in the management service contract highlighted in part (e) below and therefore excluded in the above benefits.

(f) Transactions and balances with Government of Tanzania (GROUP AND BANK)

The Government of Tanzania owns 31.8% (2017: 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 740,185 million (2017: TZS 919,969 million). Interest earned from investment in government securities during the year was TZS 98,181 million (2017: TZS 115,103 million). The Bank also accepts deposits from various Government institutions and agencies, which do not attract interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(g) Directors' remuneration (GROUP AND BANK)

Fees and other emoluments paid to Directors of the Bank during the period amounted to TZS 309 million (2017: TZS 333 million). Details of payment to individual directors is shown in the table below.

DIRECTORS	BOARD MEETING	BARCC	BCC	BHR&RC	BEC	DIRECTORS FEES&REMUNERATION TZS 2018
Prof. Joseph Semboja	7	-	-	-	4	37,450,000
Mr. Albert Jonkergouw	3	-	4	2	2	22,523,262
Mr. Jos Van Lange	7	8	-	-	-	23,640,000
Mr. Protase Tehingisa	6	-	8	5	-	67,245,000
Mrs. Margaret Ikongo	7	8	-	5	-	43,770,000
Mr. Mathias Magwanya	6	-	-	5	4	41,600,000
Mr. George Mulamula	4	5	4	3	-	23,735,000
Mr. Leonard Mususa	7	9	9	-	-	47,420,000
Ms. Christine Glover	2	-	3	2	1	1,384,167
Ms. Ineke Bussemaker	7	9	7	5	3	Not applicable

41. EVENTS AFTER THE REPORTING PERIOD

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



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NA MTANDAO

ANUANI MUHIMU

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P.O. Box 625, Mtwara
Tel: 023 2333329 | Tel: (General): 023 2334020
Fax: 023 2333667

OFISI YA KANDA YA MASHARIKI

P.O. Box 1066, Morogoro
Tel: (Direct) 023 2613479 | Tel: (General) 023 2613511
Fax: 023 2613600

OFISI YA KANDA YA KASKAZINI

P.O. Box 1256, Arusha
Tel: (Direct) 027 2508079 | Tel: (General) 027 2508516
Fax: 027 2548275

OFISI YA KANDA YA KATI

P.O. Box 888, Dodoma
Tel: (Direct) 026 2322117 | Tel: (General) 026 2322260
Fax: 026 2321835

OFISI YA KANDA YA ZIWA

P.O. Box 1580, Mwanza
Tel: (Direct) 028 2501050 | Tel: (General) 028 2500867
Fax: 028 2500691

OFISI YA KANDA YA DAR ES SALAAM

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

OFISI YA KANDA YA NYANDA ZA JUU

P.O. Box 792, Mbeya
Tel: (Direct) 025 2502527 | Tel: (General) 025 2504347
Fax: 025 2502853

OFISI YA KANDA YA MAGHARIBI

P.O. Box 681, Tabora
Tel: (Direct) 026 2606423 | Tel: (General) 026 2606424
Fax: 026 2606425



MTANDAO WA HUDUMA

6. OFISI YA KANDA YA DAR ES SALAAM

MKOA	TAWI/KITENGO	MAWASILIANO	SIMU	SIMU YA JUMLA	FAKSI
DSM	DSM Zonal Office	P.O. Box 4887, Dar es Salaam	022 2128684	022 2128685	022 2128687
	Bank House	P.O. Box 9031, Dar es Salaam	022 2115054	022 2116924	022 2116487
	Ilala	P.O. Box 25431, Dar es Salaam	022 2203194	022 2203195	022 2128542
	Kariakoo	P.O. Box 15195, Dar es Salaam	022 2180149	022 2180034	022 2180090
	Magomeni	P.O. Box 10930, Dar es Salaam	022 2170070	022 2172646	022 2170622
	Morogoro Road	P.O. Box 9064, Dar es Salaam	0222113585	022 2138945	022 2128542
	Muhimbili	P.O. Box 65589, Dar es Salaam		0222152055	
	Mwenge	P.O. Box 31597, Dar es Salaam	022 2700927	022 2700931	022 2700928
	Temeke	P.O. Box 45075, Dar es Salaam	022 2856852	022 2856181	022 2856915
	University	P.O. Box 35199, Dar es Salaam	022 2410183	022 2410183	022 2410183
	Mbagala	P.O. Box 45067, Dar es Salaam	0736990193	0736990191	07360990192
	Msasani	P.O. Box 33841, Dar es Salaam	022 2668871	022 2666191	022 2668872
	NMB House	P.O. Box 2653, Dar es Salaam	022 2324124	022 2324125/7	022 2161006
	Ubungo	P.O. Box 10930, Dar es Salaam	022 2461849	022 2461847	022 2461849
	Tegeta	P.O. Box 66787, Dar es Salaam	022 2926300	022 2926301	022 2926302
	Congo Street	P.O. Box 15195, Dar es Salaam	022 2181812	022 2181814	022 2181813
	Kurasini	P.O. Box 9031, Dar es Salaam	022 2850981	022 2850984	022 2850985
	Sinza	P.O. Box 31597, Dar es Salaam	022 2773426	022 2773553	022 2773430
	Mandela Road	P. O BOX 8918, Dar es Salaam	022 80808097	022 808098	022 808099
	Maktaba Square	P.O. Box 2653, Dar es Salaam	022 2129234/5	00 2129234 /5	
	Mbezi	P.O. Box 60167, Dar es Salaam	022 2926332	022 2926333	022 2926334
	Mlimani City	P.O. Box 34115, Dar es Salaam	022 232 4120	022 232 4121	
	Airport	P.O. Box 40951, Dar es Salaam	022 2844384	022 2844385	022 2844387
	Oysterbay	P.O. Box 162409 Dar es Salaam	022 2324147	022 2324146	
	Tandika	P.O. Box 45075 Dar es Salaam	022 2856141	022 2161582	
	Gongolamboto			022 232 4192	
	Ohio	P.O. Box , Dar es Salaam	022 2322726		

MTANDAO WA HUDUMA

TPA	P.O. Box , Dar es Salaam	022 2161030
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Kigamboni

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

7. OFISI YA KANDA YA MASHARIKI

MKOA	TAWI/KITENGO	MAWASILIANO	SIMU	SIMU YA JUMLA	FAKSI
MOROGORO	Eastern Zonal Office	P.O. Box 1066, Morogoro	023 2613479	023 2613601	023 2613600
	Ifakara	P.O. Box 33, Ifakara	023 2931554	023 2931552	023 2931553
	Kilombero	P.O. Box 142, Kidatu	023 2931542	023 2931541	
	Kilosa	P.O. Box 3, Kilosa	023 2623017	023 2623233	023 2623073
	Mahenge	P.O. Box 61, Mahenge	022 232 4101	022 232 4102	
	Mahenge	P.O. Box 61, Mahenge	0767 713392	0719 498119	
	Turiani	P.O. Box 167, Turiani	023 2931101	023 2931102	023 2931100
	Mvomero	P.O. Box 478, Morogoro	023 2628734	023 2628735	023 2628733
	Wami	P.O. Box 84, Morogoro	023 2613534	023 2613177	023 2613849
	Mt. Uluguru	P.O. Box 81, Morogoro	023 2614407	023 2614408	023 2614406
	Gairo	P.O. Box 12, Gairo	022 2211326	022 2211327	
COAST	Msamvu	P.O. Box 976, Morogoro	022 2324257	022 2324258	
	Bagamoyo	P.O. Box 76, Bagamoyo	023 2440128	023 2440071	023 2440055
	Chalinze	P.O. Box 34, Chalinze	023 2402922	023 2402923	023 2402922
	Kibaha	P.O. Box 30430, Kibaha	023 2402833	023 2402832	023 2402832
	Kibiti	P.O. Box 5, Kibiti	023 2010922	023 2010081	023 2010912
	Kisarawe	P.O. Box 28053, Kisarawe	023 2401035	023 2401020	
	Mafia	P.O. Box 30, Mafia	023 2011331	023 2010172	023 2010171
	Mkuranga	P.O. Box 51, Mkuranga	23 2110092	023 2110093	023 2110094
	Mlandizi	P.O. Box 30430 Kibaha	022 2211339	022 2211340	

MTANDAO WA HUDUMA

8. OFISI YA KANDA YA KATI

MKOA	TAWI/KITENGO	MAWASILIANO	SIMU	SIMU YA JUMLA	FAKSI
DODOMA	Zonal Office	P.O. Box 888, Dodoma		026 2322260/	026 2323544
	Bahi	P.O. Box 33, Ifakara	022 232 4054	023 2931552	023 2931553
	Makole	P.O. Box 30430 Kibaha	022 232 4072	022 2211340	
	Chamwino		022 232 4051		
	Kondoa	P.O. Box 95, Kondoa	026 2360306	026 2360020	026 2360306
	Kongwa	P.O. Box 200, Kongwa	026 2320431	026 2320477	026 2320477
	Kibaigwa	P.O. Box 29, Kibaigwa			
	Mpwapwa	P.O. Box 77, Mpwapwa	026 2320633	026 2320782	026 2320797
	Dodoma	P.O. Box 1482, Dodoma	026 2322067	026 2322405	026 2322219
	Bunge	P.O. Box 1482, Dodoma	026 2320010		
	UDOM	P.O. Box 277, Dodoma	026 2310107		026 2310108
	Mazengo	P.O. Box 2591 Dodoma	026 2321185	026 2321186	026 2321189
SINGIDA	Kiomboi	P.O. Box 44, Kiomboi	026 2532296	026 2532650	026 2532159
	Manyoni	P.O. Box 47, Manyoni	026 2540328	026 2540145	026 2540328
	Singida	P.O. Box 1040, Singida	026 2502100	026 2502104/5	026 2502100
	Itigi	P.O. Box 116, Itigi	026 2540327	026 2540304	026 2540104
	Ikungi	P.O. Box 528 Ikungi	022 2324057		
MANYARA	Mbulu	P.O. Box 33, Mbulu	027 2533090	027 2533064	027 2533090
	Babati	P.O. Box 70, Babati	027 2531113	027 2531027	027 2531113
	Kibaya	P.O. Box 53, Kibaya	027 2555433	027 2552030	027 2555433
	Katesh	P.O. Box 82, Katesh	027 2531697	027 2530077	027 2530076
	Simanjiro	P.O. Box 9527, Simanjiro	0272555692	027 2555693	027 2555693
	Haydom	P.O. Box 33, Mbulu	026 2540145		

9. OFISI YA KANDA YA KASKAZINI

MKOA	TAWI/KITENGO	MAWASILIANO	SIMU	SIMU YA JUMLA	FAKSI
ARUSHA	Northern Zonal Office	P.O. Box 1256, Arusha	027 2508079	027 2508516	027 2548275
	Clock Tower	P.O. Box 3093, Arusha	027 2502599	027 2508521	027 2545184
	Karatu	P.O. Box 50, Karatu	027- 2534037	027 2534030	027 2534024
	Ngarenaro	P.O. Box 15741 Arusha	027 2548457	027 2548854	027 2548573

MTANDAO WA HUDUMA

	Monduli	P.O. Box 20, Monduli	027 2538069	027-2538031	027 2538069
	Loliondo	P.O. Box 60, Loliondo	027 2535207	027 2535070	027 2535207
	Namanga	P.O. Box 8500, Namanga	027 2539503	027 2539505	027 2539504
	Arusha Market	P.O. Box 11168, Arusha	027 2547331	027 2547332	027 2547330
	Arusha Business Centre	P.O. Box 632, Arusha	027 2545741	027 2545740	027 2545743
	Usa River	P.O. Box 131, Arusha	027 2541085	027 2541086	027 2541087
	Mererani	P.O. Box 5123, Arusha	022 2211002	022 2211003	
	Sanya Juu	P.O. Box, Arusha	022 2161668		
	Ngaramtoni	P.O. BOX 16806 Ngaramtoni	022 2324793	022 2329711	
	Mto wa Mbu	P.O. BOX 65 Mto wa Mbu	022 2324790	022 2324791	
KILIMANJARO	Hai	P.O. Box 129, Hai	027 2756129	027 2756129	027 2750649
	Mwanga	P.O. Box 93, Mwanga	027 2750115	027 2757747	027 2757689
	Nelson Mandela	P.O. Box 1121, Moshi	027 2752421	027 2755199	027 2751546
	Rombo	P.O. Box 25, Mkuu-Rombo	027 2757114	027 2757147	027 2757114
	Same	P.O. Box 74, Same	027 2758138	027 2758136	027 2750002
	Mawenzi	P.O. Box 1825, Moshi	027 2751063	027 2751061	027 2751081
	Tarakea	P.O. Box 11 Tarakea	027 2757566	027 2757566	027 2757826
	Himo	P.O. Box 183 Himo	027 2757605	027 2757605	027 2757608
	Hedaru				
	Mbuyuni				
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
	Kilindi	P.O. Box 46, Kilindi	0788 800404	0788 800405	
	Bumbuli	P.O. BOX 103 Kwemua, Bumbuli-Lushoto	022 23244757		
	Mkata		022 2324101		

MTANDAO WA HUDUMA

10. OFISINI YA KANDA YA NYANDA ZA JUU

MKOA	TAWI/KITENGO	MAWASILIANO	SIMU	SIMU YA JUMLA	FAKSI
MBEYA	Highland Zonal Office	P.O. Box 792, Mbeya	025 2502527	025 2504347	025 2502853
	Chunya	P.O. Box 65, Chunya	025 2520019	025 2520048	025 2520019
	Ileje	P.O. Box 17, Ileje	025 2570021	025 2570234	025 2570021
	Kyela	P.O. Box 74, Kyela	025 2540023	025 2540094	025 2540023
	Mbalizi Road	P.O. Box 282, Mbeya	025 2500890	025 2502547	025 2502413
	Mbarali	P.O. Box 75, Rujewa	025 2590196	025 2590052	025 2590051
	Mbozi	P.O. Box 4, Mbozi	025 2580022	025 2580041	025 2580022
	Mount Loleza	P.O. Box 922, Mbeya	025 2502879	025 2502880	025 2502879
	Mwanjelwa	P.O. Box 1768, Mbeya	025 2502826	025 2502462	025 2500070
	Tukuyu	P.O. Box 180, Tukuyu	025 2552149	025 2552253	025 2552149
	Tunduma	P.O. Box 140, Tunduma	025 2530665	025 2530049	025 2530665
	Usongwe	P.O. Box 4623, Mbeya	025 2560120	025 2560121	025 2560122
	Mlowo	P.O. BOX , Mbeya	0737 225162		
	Mkwajuni		022 2324787/8	0713 954775	
IRINGA	Kasumulu	P.O.BOX 74 Kyela	0713 141519		
	Mafinga	P.O. Box 90, Mafinga	026 2772108	026 2772011	026 2772108
	Kilolo	P.O. Box 2332, Kilolo	026 2968012	026 2968011	
	Mkwawa	P.O. Box 52, Iringa	026 2702036	026 2702038	026 2702054
NJOMBE	Ruaha	P.O. Box 26, Iringa	022 232 4857	022 232 4858	
	Makete	P.O. Box 24, Makete	026 2740027	026 2740028	026 2740101
	Njombe	P.O. Box 413, Njombe	026 2782785	026 2782778	026 2782785
	Makambako	P.O. Box 1030, Makambako	026 2730388	026 2730006	
	Ludewa	P.O. Box 10, Ludewa	026 2790102	026 2790019	026 2790102
KATAVI	Wanging'ombe	P.O BOX 413 Njombe	022 2324387	0754 231334	
	Mpanda	P.O. Box 55, Mpanda	025 2820315	025 2820034	025 2820315
	Mlele	P.o.box 55 Mpanda	0764 232773		
RUKWA	Nkasi	P.O. Box 12, Namanyere	025 2830010	025 2830007	025 2830010
	Sumbawanga	P.O. Box 37, Sumbawanga	025 2800256	025 2800258	025 2800256
	Kalambo	P.o Box 37, Sumbawanga	022 2324372	0784 407933	
	Laela	P.o Box 37, Sumbawanga	022 2324372	0753 491817	

MTANDAO WA HUDUMA

11. OFISI YA KANDA YA ZIWA

MKOA	TAWI/KITENGO	MAWASILIANO	SIMU	SIMU YA JUMLA	FAKSI
MWANZA	Lake Zonal Office	P.O. Box 1580, Mwanza	028 2501050	028 2500867	028 2500691
	Geita	P.O. Box 10, Geita	028 2520442	028 2520021	028 2520442
	Kenyatta Road	P.O. Box 1444, Mwanza	028 2500387	028 2502592	028 2501736
	Magu	P.O. Box 12, Magu			028 25301
	Misungwi	P.O. Box 122, Misungwi	0732 980747		073 2980747
	Nansio	P.O. Box 61, Nansio	028 2515051	028 2324524	028 2515091
	Katoro	P.O.Box, Katoro			
	Nyamongo	P.O. Box, Nyamongo	022 2324566		
	Ngudu	P.O Box 68, Ngudu	028 2983109	028 2983108	073 2980919
	Pamba Road		022 2324579	022 234644	
	Regional Drive	P.O. Box 537, Mwanza	028 2541106	028 2541107	028 2541108
	Sengerema	P.O. Box 96, Sengerema	028 2590075	028 2590248	028 2590025
	PPF Agency	P.O. Box 1444 Mwanza	028 2506030	028 2506030	028 2506030
	Rock City	P.O. Box 7201 Mwanza	028 2981110		
	Igoma	P.O. BOX 1055 Mwanza	022 2324629	022 2324630	
MARA	Bunda	P.O Box 53, Bunda	028 2621152	028 2621039	028 2621153
	Butiama	P.O. Box 35 Butiama	022- 221 1026		
	Mugumu	P.O. Box 4, Mugumu		732985970	
	Musoma	P.O. Box 561, Musoma	028 2620807	028 2620806	
	Tarime	P.O. Box 108, Tarime	028 2690918	028 2690062	028 2690100
	Rorya	P.O. Box 68, Shirati			
	Buzuruga	P.O. Box 1450, Mwanza	028 2570482	028 2570482	028 2570484
	Rorya	P.O. Box 68 Rorya	022 221 1027		
KAGERA	Biharamulo	P.O. Box 27, Biharamulo	028 2225017	028 2225017	028 2225155
	Bukoba	P.O. Box 1552, Bukoba	028 2220176	028 2220154	028 2220417
	Kayanga	P.O. Box 69, Karagwe	028 2227111	028 2227162	028 2227111
	Muleba	P.O. Box 8, Muleba	028 2224170	028 2224012	028 2224020
	Ngara	P.O. Box 92, Ngara	028 2226049	028 2226223	028 2226013
	Chato	P.O. Box 68, Chato	028 2982532	028 2982541	028 2982542
	Misenyi	P.O. Box 56, Misenyi	0732 983453	028 2222323	028 2222331
	Rusumo	P.O. Box , Rusumo	028 2982862		



MTANDAO WA HUDUMA

Kyerwa	P.O. Box 8, Kyerwa	022 2324647
Kaitaba		022 2324539
Nkwenda	P.O. Box 08, Nkwenda Kyerwa	022 2324647
Mtukula	P.O. Box 56, Kyaka	022 232 4078
Kabanga	P.O. Box 92, Ngara	022 2321106

12. OFISI Y KANDA YA MAGHARIBI

MKOA	TAWI/KITENGO	MAWASILIANO	SIMU	SIMU YA JUMLA	FAKSI
TABORA	Western Zonal Office	P.O. Box 681, Tabora	026 2606423	026 2606424	026 2606425
	Igunga	P.O. Box 80, Igunga	026 2650054	026 2650027	026 2650024
	Mihayo	P.O. Box 211, Mihayo	026 2604158	026 2604376	026 2604925
	Nzega	P.O. Box 163, Nzega	026 2692340	026 2692322	026 2692340
	Sikonge	P.O. Box 32, Sikonge	073 2988362	0732 988362	073 2988483
	Urambo	P.O. Box 156, Urambo	0732 988259	0732 988336	073 2988256
	Nkinga	P.O. Box 01, Nkinga	022 2324474		
KIGOMA	Kasulu	P.O. Box 70, Kasulu	028 281 0111	028 2810026	028 2810345
	Kibondo	P.O. Box 69, Kibondo	028 2820216	028 2820023	028 2820216
	Kigoma	P.O. Box 1067, Kigoma	028 2803328	028 2804705	028 2804586
	Uvinza	P.O. Box 3, Uvinza	022 2324455		
SIMIYU	Bariadi	P.O. Box 2, Bariadi	028 2700533	028 2700004	028 2700175
	Maswa	P.O. Box3, Maswa	028 2750372	028 2750321	028 2750372
	Mwanhuzi	P.O. Box 48, Meatu	028-2795292	028-2795080	028 2795292
	Itilima	P.O. Box 2, Bariadi	022 2324471		
SHINYANGA	Manonga	P.O. Box 811, Manonga	028 2763629	028 2763439	028 2763441
	Mwadui	P.O. Box 324, Mwadui	028 2763461		028 2763461
	Kakonko	P.O. Box, Kakonko	022 2211323/4		
	Kaliua	P.O. Box, Kaliua	0737 214715/4		
	Kishapu	P.O. Box, Kishapu	028 2770021/16		
	Kahama	P.O. Box 183, Kahama	028 2710063	028 2710083	028 2710103
	Kahama Business Center				
GEITA	Bukombe	P.O. Box 134, Bukombe	028 2520702	028 2520703	028 2520702

MTANDAO WA HUDUMA

13. OFISI YA KANDA YA KUSINI

MKOA	TAWI/KITENGO	MAWASILIANO	SIMU	SIMU YA JUMLA	FAKSI
MTWARA	Southern Zonal Office	P.O. Box 625, Mtwara	023 2333329	023 2334020	023 2333667
	Masasi	P.O. Box 105, Masasi	023 2510024	023 2510058	023 2510024
	Mtwara	P.O. Box 508, Mtwara	023 2333951	023 2333946	023 2333983
	Ndanda	P.O. Box 7, Ndanda		0717 407538	
	Nanyumbu	P.O. Private Bag, Nanyumbu	025 2675005	025 2675003	
	Newala	P.O. Box 60, Newala	023 2410561	023 2410261	023 2410221
	Tandahimba	P.O. Box 15, Tandahimba	023 2410090	023 2410089	023 2410091
	Mtwara Business Center	P.O. Box 625, Tanu Rd. Mtwara	023 2334852		
LINDI	Kilwa	P.O. Box 13, Kilwa-Masoko	023 2013072	023 2013056	023 2013072
	Lindi	P.O. Box 1021, Lindi	023 2202188	023 2202474	023 2202018
	Liwale	P.O. Box 82, Liwale	073 2933304		073 2933123
	Nachingwea	P.O. Box 102, Nachingwea	0732 933139	073 2933297	073 2933139
	Ruangwa	P.O. Box 100, Ruangwa	0788 800403	0788 800406	0732 933136
RUVUMA	Litembo	Private Bag, Litembo	073 2950567	073 2950540	0732 950567
	Mbinga	P.O. Box 4, Mbinga	025 2640072	025 2640466	025 2640306
	Songea	P.O. Box 641, Songea	025 2602466	025 2602486	025 2602469
	Tunduru	P.O. Box 24, Tunduru	025 2680067	025 2680086	025 2680186
	Namtumbo	P.O.Box 66 Namtumbo	025 2602848	025 2602890	025 2602858
	Madaba	P.O. Box 1, Madaba	022 2324415		





NMB BANK PLC

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