



THE JOURNEY OF PROSPERITY

ANNUAL REPORT **2022**



NMB Bank plays a key role in
**helping its clients' growth and
advancing Tanzania's Socio-Economic
Development Agenda**

25
YEARS

From our humble beginnings in 1997, we
have grown to **become the leading player
in the financial services sector**, serving
a wide range of clients with innovative
value propositions

About this Report

The purpose of this report is to explain how we create sustainable value for our stakeholders over time. We aim to provide our stakeholders a sufficiently informed view of our ability as a provider of banking services, but also as a responsible employer and a contributor to our communities and society. The report explains our business, strategy, financial and non-financial performance during the year, and provides information about our governance practices and structures, our approach to risk management, and prospects in the context of our operating environment.

We report on the progress we have made in the period 1 January 2022 to 31 December 2022 to achieve the objectives related to the bank's key areas of focus.

Reporting Boundary

The financial and non-financial data in this report pertains to NMB Bank Plc. as the financial reporting entity.

The reporting boundary includes the strategic narrative in this report and pertains mainly to our banking activities across the country, where they are relevant to the bank's business model and strategy, performance and prospects.

Reporting Framework

The financial information in this report has been prepared in accordance with International Financial Reporting Standards (IFRS). Our reporting process is guided by prevailing guidelines and regulations, including Bank of Tanzania's (BoT) prudential guidelines, National Board of Accountants and Auditors (NBAA), Capital Market and Securities Authority (CMSA) and Dar es Salaam Stock Exchange (DSE) guidelines. Some principles of the Integrated Reporting <IR> Framework have been applied in this report to guide content. We remain committed to continuously enhancing our reporting process in line with prevailing guidelines and international best practices, including achieving full adherence to the Integrated Reporting <IR> Framework.

Combined Assurance

To ensure overall accuracy in reporting and disclosures, a combined review by management and internal audit was performed, with respective oversight roles being provided by the Board and Board Committees. This report contains certain information that has been extracted from the audited consolidated annual financial statements.

The Bank's consolidated annual financial statements were audited by Deloitte & Touche.

Director's Responsibility

The Board has applied its collective mind to the preparation and presentation of the information in this report. The Board acknowledges its responsibility for ensuring the integrity of this report. The report provides material and relevant information to providers of financial capital to enable informed capital allocation decisions, while supplying information relevant to broader stakeholders. The Board approved this Annual Report on 17 May 2023.



Inside this Report



OVERVIEW

About Us	1
Our Businesses & Ways of Banking	2
Stakeholders & Value Creation Model	8
Our Business Model & Guiding Strategy	12
Value Added Summary & Statement	16
	24



STRATEGY REVIEW

Our Operating Environment	26
Chairman's Statement	28
CEO's Statement	33
CFO's Statement	45
	53



BUSINESS SEGMENTS REVIEW

Retail Banking	65
Wholesale Banking	66
Treasury	75
	79



OUR DIGITAL TRANSFORMATION AGENDA

Chief Technology & Digital Transformation Statement	81
	82



OUR PEOPLE AGENDA

Our People Highlights - 2022	85
Our Talent Strategy	86
Our Management Trainee Program	87
Our Diversity and Inclusion Agenda and Commitment	88
	89



SUSTAINABILITY FOCUS

Our long-term value creation purpose & Strategy	91
Material Issues	92
Our Sustainability Impact (KPIs) & Successes	94
Case Studies	97
	103



CORPORATE GOVERNANCE

Our Board of Directors	106
Our Executive Committee	110
Corporate Governance Report	112
	114



RISK REPORT

Our Risk and Control Environment	147
Our Risk Management Approach	148
Principal Risks	150
Our Risk Management Strategy and Governance	152
	153



REPORT OF DIRECTORS AND AUDITED FINANCIAL STATEMENTS

	169
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ANNEXURE

23 rd AGM notice	370
Key contents	372
	373

Abbreviations

AGM	Annual General Meeting	LDR	Loans to Deposits Ratio
ALCO	Assets and Liabilities Committee	LGD	Loss Given Default
ALM	Assets and Liabilities Management	LIBOR	London Bank Offered Rate
BARCC	Board Audit, Risk and Compliance Committee	LTFR	Long-term Funding Ratio
BIA	Basic Indicator Approach	MSE	Micro and Small Enterprises
BOT	Bank of Tanzania	MTP	Medium-Term Plan
CIR	Cost to Income Ratio	NHIF	National Health Insurance Fund
CSAT	Customer Satisfaction	NMB	NMB Bank Plc
CSI	Corporate Social Investment	NPS	Net Promoter Score
CSR	Corporate Social Responsibility	OCI	Other Comprehensive Income
DSE	Dar es Salaam Stock Exchange	PAT	Profit After Tax
EAD	Exposure at Default	PBT	Profit Before 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
ESG	Environment, Social and Governance	SICR	Significant Increase in Credit Risk
FMO	Financierings-Maatschappij voor Ontwikkelingslanden N.V	SME	Small and Medium Enterprises
FVOCI	Fair Value through Other Comprehensive Income	SMR	Statutory Minimum Reserve
FVTPL	Fair Value through Profit or Loss	SPPI	Solely Payments of Principal and Interest
IASB	International Accounting Standards Board	SPV	Special Purpose Vehicles
ICT	Information and Communication Technology	SWL	Salaried Workers' Loan
IESBA	International Ethics Standards Board for Accountants	TMRC	Tanzania Mortgage Refinance Company Limited
IFC	International Finance Corporation	TZS	Tanzanian Shillings
IFRS	International Financial Reporting Standards	UJVC	Upanga Joint Venture Company
INED's	Independent Non-Executive Directors	USD	United States Dollars
ISA	International Standards on Auditing	USSD	Unstructured Supplementary Service Data
LC	Letters of Credit	YoY	Year on Year

Overview

We are the leading Bank in Tanzania with a proven track record of solid financial results and strong value creation. In 2022 we marked 25 years of our remarkable transformation and impactful operations in Tanzania.



About Us

Historic High

Total Assets

10.2
TZS trillion

Record

Income

1.1
TZS trillion

Record

Profit After Tax

429
TZS billion

Largest Base

Customer Accounts

6+
million

Agency Banking Outlets

19,870+

Employees

3,500+

Established in 1997, we have grown successfully into the largest and most profitable Bank in Tanzania. With an over 3500-strong employee base; a Balance sheet size of over TZS 10 trillion, and a geographical footprint that touches every corner of the country, the bank continues to play a key role in helping its clients' growth and advancing Tanzania's Social Economic Development Agenda.

Market Leadership



Profitable Bank



Listed Bank
(Market Cap)



Largest & Most
Compliant Taxpayer



Celebrating 25 years of our impactful operations in Tanzania.

Since its inception, NMB Bank has played a significant role in the Country's economic development agenda and continues to support the country's growth aspirations. It has been pivotal in supporting the high growth sectors, as well as purposeful driving the financial inclusion agenda.

Shareholders

At the heart of NMB's operations, is the commitment towards creation of superior and sustainable shareholder returns.

Reflective of our solid performance and strong capital position, in the milestone year 2022, we paid a record total dividend payout of TZS 96.7 billion, being 43% up from the dividend payout made in the previous year.



Community Impact

NMB Bank firmly believes in acting as a responsible corporate citizen to support the country's overall socio-economic development.

The bank supports the communities in which we operate through various social

programs which continue to uplift lives and support the most vulnerable members of society. In 2022, the Bank allocated 2.9 billion (2021: TZS 2.1 billion), being 1% of the bank's previous year's profit after tax, towards various CSI initiatives across the pillars of education, health, financial literacy training, and disaster recovery.

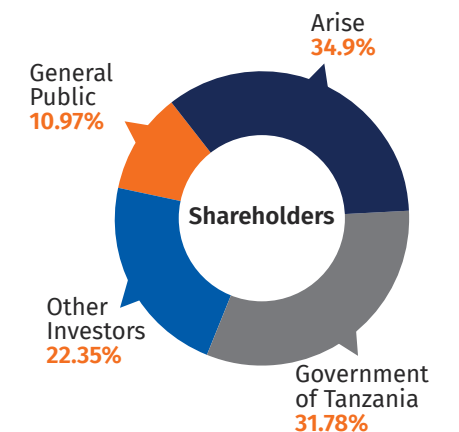


Employees

We are a leading bank that creates exciting career opportunities, nurtures, and empowers growth, and rewards competitively.

We are committed for our employee welfare, and as part of our business strategy, we invest significantly in creating an inclusive culture where our employees feel safe, valued and engaged.

In 2022, Association of Tanzania Employers named us the Best Employer in Tanzania.



Customer Focus

Our long-term commitment and strategic ambition are to deliver exceptional experiences through innovative business model, exemplary customer experience by leveraging on cutting edge technology that not only helps us to understand our customer needs but also deepen the penetration and usage of our products and solutions.

Our remarkable transformation journey and commitment to innovation and service excellence have been well recognized through several local and international awards. In 2022, the Bank won 23 locally and globally recognized awards from prestigious institutions, all naming and affirming NMB Bank as the leading and most innovative financial solutions provider in Tanzania.

Our Differentiators

We enable our stakeholders to thrive by focusing on delivering positive outcomes underpinned by our strong capabilities and our deep-rooted heritage.



Client Focused

Our clients are at the center of all we do. Through our engagements with our clients, we build long-term relationships and provide best-in-class services and products, advice, and expertise.



Robust Risk Management

Strong governance framework and effective risk management allows us to operate and grow a sustainable business.



A highly performing and engaged workforce

The strength and diversity of our workforce is a core tenet that makes us distinctive. Our people's expertise, dedication, and customer-centric focus drive our success in serving the needs of our clients.



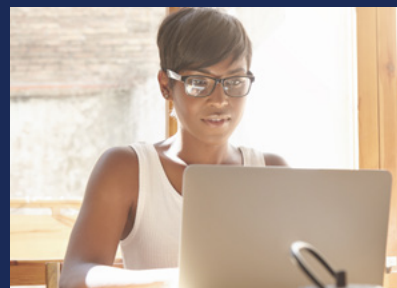
Distinct Value Propositions

Our deep-rooted local presence, unique understanding of our clients' needs, world-class technology and digital innovations, allow us to offer tailored propositions to our clients.



Prudent cost-management and focus on efficiency

We are focused on prudently managing expenses over time and on-going cost-optimization initiatives, while optimizing investments in technology to enhance client experience.



A socially responsible business

We are committed to supporting social and economic development by contributing to sustainable economic growth through our banking activities and by continuously investing in the communities in which we operate.



NMB - The Best Bank in Tanzania

During the year in which we marked our 25th Anniversary (Silver Jubilee), we were humbled to have flown the Tanzania flag high with a slew of global recognitions.

23

Awards in 2022

Recognitions all affirmed NMB as the leading and most innovative financial solutions provider in Tanzania, and are testament to the remarkable transformation that the bank has undergone since our humble beginnings in 1997.

Global Recognitions on Innovation, Governance and Service Excellence



6

Local Awards

12

International Awards

5

Leadership Excellence

Beating competition from across the Country, NMB Bank Plc has cemented its market leadership position, being the recipient of 23 awards in 2022. The 23 awards recognize the Bank's strong and proven track record of service excellence and its strong commitment to innovation, gender equality and sustainability.

The high-level industry recognitions are further evidence of the Bank's customer focus in line with its vision to become the preferred financial partner to its clients.

Banking Excellence

5

BEST BANK AWARDS

- Global Brands Magazine x 2:
 - Best Bank in Tanzania
 - Best Agri-Business
- Best Retail Bank x 2
- Best Private Bank-Int'l Banker

Innovation Excellence

#1

MOST INNOVATIVE

Best Innovation in Retail Banking in Tanzania from International Business Magazine

Leadership Excellence

5

BEST CEO AWARDS

- World Economic Magazine
- Africa Bank 4.0 Awards.
- Financial Women Awards.
- The Africa Summit
- Tanzania Institute of Bankers

ESG Leadership

4

ESG AWARDS

- Sustainable Bond of the Year
- Tanzania Revenue Authority x 3:
 - Overall most compliant tax payer
 - Most compliant tax payer (Banks)
- 3rd Winner: Outstanding Contribution

Diversity and Inclusion

4

GENDER EMPOWERMENT

- EDGE Certification
- Accenture Gender Awards x 3:
 - Overall Winner-East Africa
 - Mainstreaming Champion
 - Women Empowerment

Best Employer Awards

4

EMPLOYER OF THE YEAR

- Association of Tanzania Employers:
 - Overall Winner
 - Large Organization Category
 - Private Sector Category
 - Best Employer Brand-Africa

Our Businesses

We deploy finance responsibly to support people and businesses, championing innovation and sustainability, for the common good and the long term. We offer a full suite of financial services and products, both conventional and specialized, to customers through our three main business divisions:

Who We Serve

Our Products & Services

Our Areas of Strength & Differentiation

Retail Banking	Wholesale Banking	Treasury
 <p>Individual clients, Agri, and small and medium enterprises.</p>	 <p>Large Corporations, Government and Private Institutions, and International Organizations.</p>	 <p>Wide range of treasury and global markets solutions provide our customers with fixed income, currencies, advisory, and capital markets solutions.</p>
<p>Full range of products and services including lending solutions, agri-solutions, deposit-taking services,</p> <p>Card and payment solutions, ecosystems and platforms-based solutions.</p> <div><div><ul style="list-style-type: none">• Fixed Deposit Accounts• Credit, Debit, Prepaid, UPI Cards• Salaried Worker Loans</div><div><ul style="list-style-type: none">• Pensioner Loans• Bancassurance• Agri financing</div><div><ul style="list-style-type: none">• Mortgage & Construction Loans• Bonus Accounts• SMEs</div></div>	<p>Full suite of wholesale banking solutions, including corporate lending, deposit-taking, trade-finance, and transactional banking.</p> <div><div><ul style="list-style-type: none">• Structured Financing• Asset Financing• Trade Finance• Term Deposits• Trust Accounts</div><div><ul style="list-style-type: none">• Syndications• Project Financing• Global Digital Transaction Services• Chinese Desk• Call Accounts</div></div>	<ul style="list-style-type: none">• Fixed Income Bond Trading• Spot Foreign Exchange• Risk Management Products (Forwards, Swaps)• International Transfers-18 currencies supported• Securities Services• Advisory Services
<p>Differentiated and strong CVPs across our different client segments, including for agri, youth, women, entrepreneurs.</p> <p>A leader in Retail and Business Banking, underpinned by an empowered business service model. Awarded:</p> <div><ul style="list-style-type: none">Best Retail Bank - World Economic MagazineBest Bank in Tanzania - Global Brands MagazineBest Retail Bank - International Business MagazineBest SME BankBest Innovation in Retail Banking in Tanzania -International Business MagazineBest Private Bank in Tanzania - International Banker AwardsBest Agri-Business Bank - Global Brands MagazineBest Retail Bank - Global Banking & Finance Review</div> <p>Competitive relationship banking offering for the affluent (Private-banking) and small-to-medium sized business clients.</p> <p>Digitally enabled client solutions supporting wide distribution network, including over 227 branches across the entire country, a strong mobile platform- NMB Mkononi (USSD and App), wide agency network (19,870 agents), internet banking, cards (over 4.1 mln cards base) and QR payment solutions.</p>	<p>Market leading global transactions solutions tailored for corporates, government institutions, and international organizations.</p> <p>Deep expertise in public sector, infrastructure, mining, oil and gas, and telecoms.</p> <p>Strong client-service delivery model delivering high levels of client service.</p> <p>Solid trade finance and supply chain solutions for capital management and structured financing for suppliers and distributors.</p> <p>Internet banking platform with strong capabilities, enabling customers to have full control of banking services conveniently and securely.</p>	<p>The team has firmly established itself as a trusted partner with extensive on-the-ground knowledge and deep relationships.</p> <p>Strong relationships and engagements with custody customers (ie. leading brokers, dealers, global custodians) provides us with a comprehensive view of the end-to-end investment cycle.</p> <p>Deep financial markets experience - strong trading expertise in buying and selling major currencies and fixed income at branches and seamlessly through our digital platforms</p>

Ways of Banking

Branches, ATMs

An extensive physical footprint across the entire country comprising of **227** branches, **781** ATMs

NMB Wakala (Agents)

Wide agency banking network consisting of **19,870** agent outlets who complement our wide physical channels

NMB Mkononi (Mobile Banking)

Customers can easily access a variety of Banking services, Money Transfer, make payment and alot more by dialing ***150*66#** or through the NMB Mkononi App.

NMB Direct (Internet Banking)

The Internet Banking platform enables customers to fulfil their banking needs with ease.

Cards, POS Devices, QR Codes

Wide range of payments solutions, including a card base of over **4.1** million, over **3,300** POS Devices, and over **111,000** QR Codes

Call Center, Chat Banking

General enquiries, service, and sales, with Interactive Voice Response (IVR) capability. Customers can also securely access banking services using WhatsApp chat.

We provide our clients with a seamless banking experience by making banking convenient for them. Leveraging on our strong and innovative digital capabilities, we offer our clients widely accessible banking solutions, empowering them to fulfill their financial ambitions.



Our Stakeholders

What our stakeholders are telling us

Dialogue and collaboration with our key stakeholders provide insights into matters of relevance to them.

Our key stakeholders are those who most materially impact our strategy or are directly impacted by it. They comprise our shareholders, customers, employees, community, regulators and the Government of Tanzania.

Engagement with stakeholders provides us with an understanding of the matters they are most concerned with. These matters help us define our strategic priorities and guide our initiatives.

	<div>Customers</div> <div>We support a variety of clients including individuals, small and medium sized enterprises, agri clients, large corporates, public and private institutions with their banking needs and enable them to grow and protect their wealth.</div>	<div>Shareholders</div> <div>We aim to create long-term, sustainable value for our shareholders by delivering strong returns.</div>	<div>Employees</div> <div>We support our people to realize their potential, pursue their ambitions, and provide an enabling environment for them to thrive and build rewarding careers.</div>	<div>Communities</div> <div>We aim to operate sustainably as a responsible company which promotes socio-economic development to enable society to thrive.</div>	<div>Regulators & The Government</div> <div>We remain committed to playing our part in supporting the effective functioning and stability of the financial system and of the broader economy through deepened engagements with relevant authorities.</div>
How did we engage?	<div>We regularly engage with our customers to better understand their needs so that we can enhance our solutions for them and provide them with improved banking experience:</div> <ul style="list-style-type: none">• Multiple channels including call center, branches• One-on-one interactions with Relationship Managers, and Senior Management• Regular customer satisfaction surveys, including NPS and CSAT• Active interaction and follow up to queries/ feedback received via social media channels	<div>We provide investors with relevant information to make informed investment decisions about the bank:</div> <ul style="list-style-type: none">• Quarterly financial result publications and press releases• Quarterly briefings through calls, webinars, held with Executive Management.• Investor Conferences and Meetings• The Annual General Meeting	<div>We regularly engage and communicate with our employees through multiple channels to enable us to understand their concerns and to ensure they are well aligned with the bank's strategic priorities:</div> <ul style="list-style-type: none">• Staff Town hall meetings, including live dialogue through Question & Answer (Q&A) sessions• Periodic Performance Reviews• CEO Communications to Staff• Employee Forum Meetings• Employee Satisfaction and Engagement Surveys	<div>We engage our communities to gather insights to inform how we can continue play a more meaningful role in addressing the needs of our communities:</div> <ul style="list-style-type: none">• We run a range of financial literacy programs and sessions, covering various topics, to increase awareness and enhance overall financial skills.• We drive continuous engagements with institutions that fall within the focus areas of the bank's Community Investment Program.	<div>We undertake regular liaison with other key stakeholders, including the Government, the regulator, and policy makers to share insights and support the development of best practices across our markets:</div> <ul style="list-style-type: none">• Regular meetings and consultations with the Regulator on bank-specific and system wide issues, in support of efforts towards ensuring financial stability.• Active participation in industry forums through the Tanzania Bankers' Association (TBA) platform, together with other banks, to discuss key wider banking system issues.
Key topics and how they were addressed	<ul style="list-style-type: none">• Over 3,500 staff across the entire country serving our customers (over 6 million customer accounts).• Net Promoter Score of 59, one among the highest in the Tanzanian Banking industry.• We continued to incorporate the voice of customers in the design of our products and services to enhance the customer experience.	<ul style="list-style-type: none">• Results Calls and Investor Meetings held• Earnings Per Share: TZS 863• Continued to embed Sustainability in our business operations• TZS 143.1 billion Total Dividend Payout - out of 2022 profit	<ul style="list-style-type: none">• High Employee Engagement Score: 75%• Over TZS 266 billion in overall employee benefits.• Continuous focus on talent development: TZS 3.9 billion invested in staff training• Good progress on Diversity and Inclusion: 48% Female Ratio; EDGE (Assess) Certified	<ul style="list-style-type: none">• Over TZS 2.9 billion utilized in various Community Investment Programs in line with bank's CSI pillars• NMB Marathon: Attained objective of raising TZS 1 billion towards uplifting lives of Fistula patients• Nuru Yangu Scholarship and Mentorship Program: 65 beneficiaries on-boarded as first cohort	<ul style="list-style-type: none">• Continuous enhancements on working relations with respective authorities and regulatory bodies• Participation in industry consultations and events

Our Value Creation Model

This model enables us to manage our resources and relationships responsibly, in a sustainable way, to achieve our strategic ambitions and to deliver the best outcomes for our stakeholders. Further details on our resources management are available from page 215.

Our Stakeholders



Capital Inputs	How we are enhancing our resources		Outcomes – Value Created		Trade-offs
Financial Capital This capital enables us to deliver sustainable funding of our business activities. We deploy this capital to productive opportunities to sustain our business, leverage growth, achieve sustainable returns, and create value for our stakeholders.	Customer Deposits 7.6 TZS trillion <small>(+14% YoY 2021: TZS 6.6 trl)</small> Total Equity 1.6 TZS trillion <small>(+25% YoY 2021: TZS 1.3 trl)</small>		23.1% Tier I Capital Ratio 143.1 TZS billion 25% ROE Strong capital position <small>(2021: 23.9%)</small> Total Dividend Payout <small>(2021: TZS 96.7 bln)</small> Return on Equity <small>(2021: 21%)</small>		Value created for our shareholders increased, driven by a solid rise in net profit which generated strong returns for investors. A key area of focus in our strategic decision-making involves finding the right balance in maximizing gains in financial capital for investors, with our longer-term growth objectives that require investment of financial capital.
Human Capital This consists of our people, our organizational culture, our collective skills and knowledge, and our experience in providing innovative solutions relevant to our customers' needs and creating value for our stakeholders. Our people remain the critical factor in deriving positive results from all other capitals as they carry the vision of the Bank.	Empowered Employees 3,544 <small>(2021: 3,482)</small> 		75% Employee Engagement Score 48% female ratio Staff Diversity		Investment in our staff comprises one of the most significant costs to ensure we attract, retain, and train/develop our talent. Investments in staff impacts financial capital (in the short-term) but enables strong returns (in the long-term) in other capitals. Overall Employer of the Year <small>by Association of Tanzania Employers (ATE)</small> Africa's First Bank to Earn an EDGE Certificate <small>for Gender Equality</small>
Intellectual Capital Our intellectual capital includes our leading technological innovations and solutions, our systems and processes, and our rich heritage and strong brand.	#1 Most Innovative <small>Best Innovation in Retail Banking in Tanzania</small> <small>International Business Magazine</small>		Customer Accounts 6+ million <small>(2021: 5+ million)</small>		There is a trade-off between increased automation of solutions (intellectual and manufactured capital) and client adoption of digital solutions that drive improved client experiences (social and relationship capital) with the need for direct human interaction (human capital).
Manufactured Capital Our fixed assets such as property and equipment, digital assets, including digital products and information technology (IT) systems that provide competitive differentiation to enable us to create value for our stakeholders.	227 Branches 781 ATMs 19,870 Agents		94% Share of transactions performed on digital channels >99% Stable digital platforms – Service Uptime		There is a trade-off between increased automation of solutions and client adoption of digital solutions that drive improved client experiences with the need for direct human interaction, particularly through brick and mortar (physical) channels.
Social & Relationship Capital Our social and relationship capital consists of our broader relationships and engagements within our communities and amongst our various stakeholders to enable them to thrive.	6+ million Customer Accounts		Net Promoter Score 59 <small>Overall National Most Compliant Tax-Payer Award</small> Social Impact Programs 2.9+ TZS billion <small>Tax payments supporting Gov. Revenue Collection Efforts</small> 383 TZS billion		Maintaining quality relationships across all stakeholders may require trade-offs in certain relationships as we balance various stakeholders' interests.
Natural Capital The natural resources we impact and employ to support business operations and overall value creation to our stakeholders.	We are minimizing the environmental impact of our operations and embedding environmental principles across our organization.		All HQ & Training Center facilities retrofitted with LED Lighting + 150+ branches		Using and impacting natural resources, which also sometimes negatively affects human and social capital, is a key trade-off for generating value across the other capitals. We are committed to minimizing the environmental impacts of our operations and activities, and to deliver positive environmental outcomes to society.

Our Strategic Focus

As the leading financial services provider in the country, NMB Bank PLC. plays a key role in supporting the broader socio-economic development agenda of Tanzania. We are a customer-obsessed and future-focused organization, driven by our desire to generate sustainable outcomes for our stakeholders, enabling them to thrive.

A Clear Path for Sustainable Growth



Progress Against Our Key Strategic Areas of Focus

We continued to make good progress against our key strategic areas of focus in the second year of executing our Medium-Term Plan (2021-2025):



Delivering winning proposition

- Customer Base grew by 1+ million accounts YoY to +6 million accounts – largest customer base
- Customer deposits up 14% YoY to TZS 7.6 trillion
- New digital solutions deepening financial inclusion: Mshiko Fasta (Digital Micro Loan), NMB Pesa Wakala (Agency Banking), Lipa Mkononi (QR)
- MSME portfolio up 10% YoY to TZS 691 billion
- Agri loans up 137% YoY
- Corporate loans up 31% YoY

Driving Operational Efficiency

- Cost to Income Ratio (CIR) down to 42% (2021:46%)
- Productivity up 33% YoY – TZS 286 million revenue/Full Time Employees
- Strengthened credit risk management improving portfolio quality – NPL ratio down to 3% (2021: 4%)
- Share of Transactions on Alternative Channels – 94%



Innovating for the Future

- Net Promoter Score of 59 – one among industry best
- Stable digital platforms – 99% service uptime
- On-going investments in significant technology platforms – Core Banking System, Data Management, Loan Management System

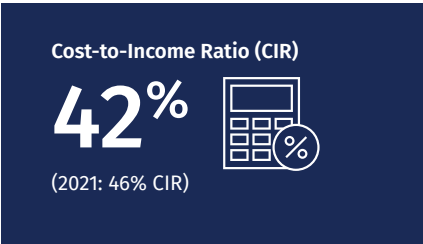
Our Strategic Focus

The results and outcomes from our second year of executing our medium-term plan (MTP 2021-2025) further validates that the strategic direction we continue to pursue is the right one.

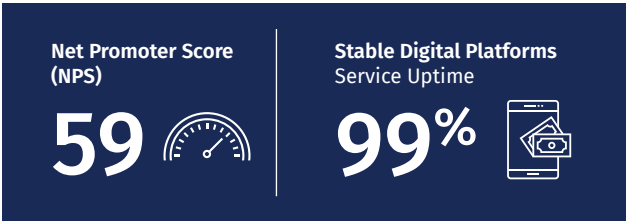
Solid Business Growth



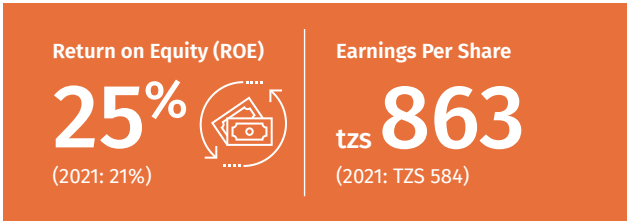
Further Efficiency Gains



Continued Transformation



Strong Returns



Our Key Performance Indicators (KPIs)

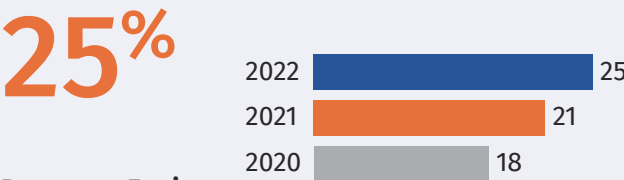
An All Time Record Performance in 2022.

The Bank’s KPIs reflect a track record of strong performance, driven by disciplined strategy execution which has resulted in sustained strong balance sheet growth momentum and outstanding profitability.

Financial KPIs

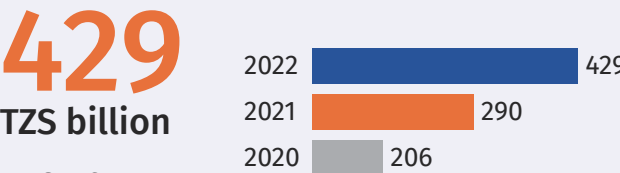
Profitability KPIs

During the year, we recorded strong lending activity, a significant increase in operating income across both net interest income (NII) and non-funded income (NFI), and a significant improvement in quality of the loan book. The Bank continued to focus on providing superior customer experiences and investing in technology, while maintaining a healthy cost to income ratio. As a result, the Bank delivered solid profitability in 2022.



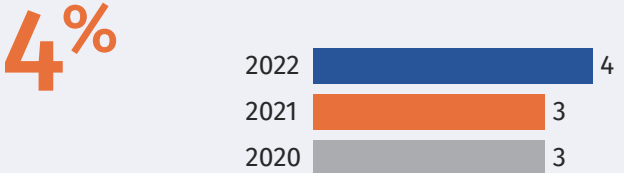
Return on Equity (+4ppts YoY)

Net profit divided by total equity.



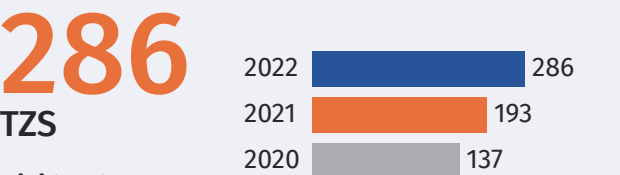
Profit after Tax (+48% YoY)

Total revenue less impairment charges, operating expenses, and taxes.



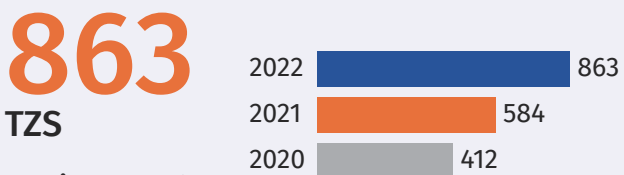
Return on Assets (+1ppts YoY)

Net profit divided by total assets.



Dividend Per Share (+48% YoY)

Total dividend divided by the number of shares in issue.



Earnings Per Share (+48% YoY)

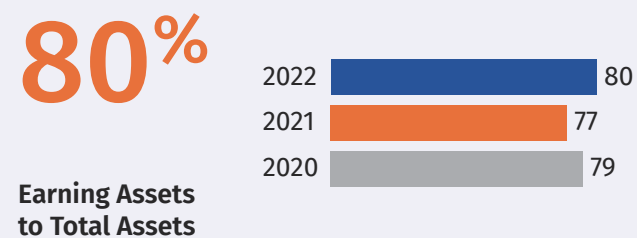
Profit attributable to shareholders divided by number of shares outstanding.



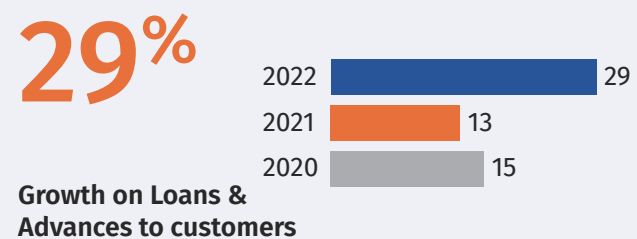
Financial KPIs

Business Growth KPIs

The balance sheet remained strong, with solid growth in loan origination across all business segments, particularly the Personal, MSME, Corporate, and Agri lending portfolios. The solid 29% loan book growth was driven by 30% growth in the Retail Banking loan book and 67% growth in the Wholesale Banking loan book. Good progress continues to be made in diversifying income sources, with strong momentum in non-funded income (NFI) which contributed 34% to total income.



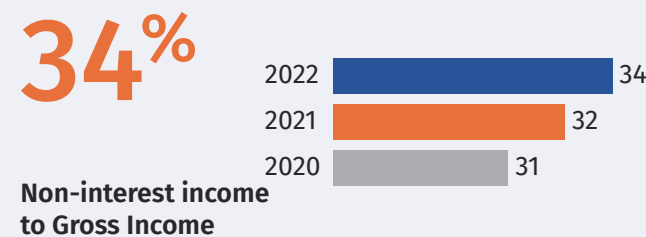
Earning assets divided by total assets.



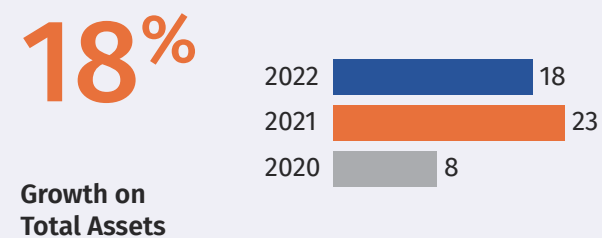
Increase in Loans and advances divided by opening balance of loans and advances.

Efficiency KPIs

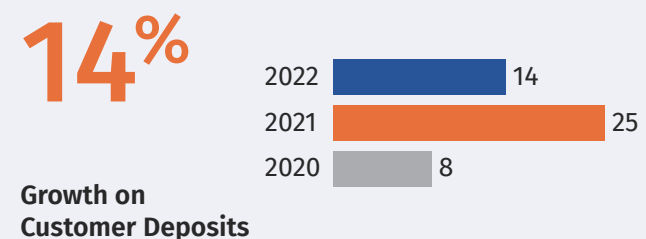
We maintained our focus on efficiency and cost discipline, with costs remaining well managed throughout the year.



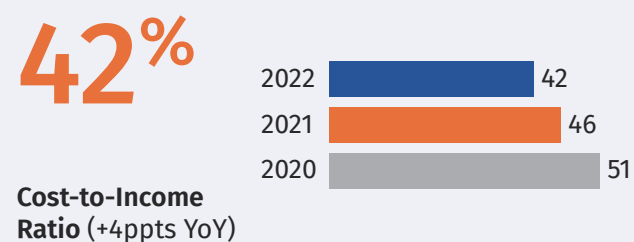
Non-interest income divided by total income.



Increase in assets for the year divided by total asset opening balance.



Increase in customer deposits divided by opening balance of customer deposits.

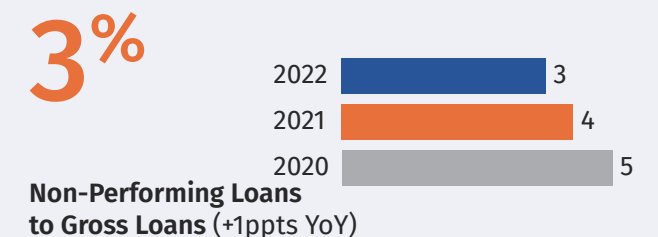


Total costs divided by net income.

Financial KPIs

Asset Quality KPIs

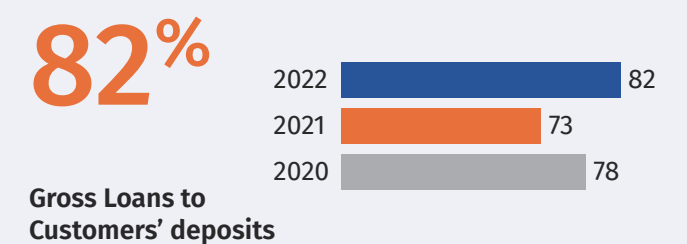
Overall, our asset quality has remained resilient against the backdrop of challenging global operating dynamics, driven by prudent risk management. As a result, the Bank's Non-performing Loans (NPL) ratio improved to 3% in 2022 from 4% in 2021.



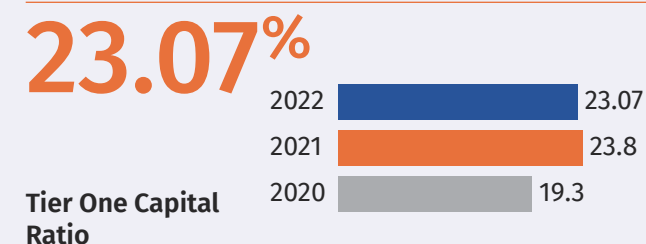
Non - performing loans divided by gross loans and advances.

Financial Soundness KPIs

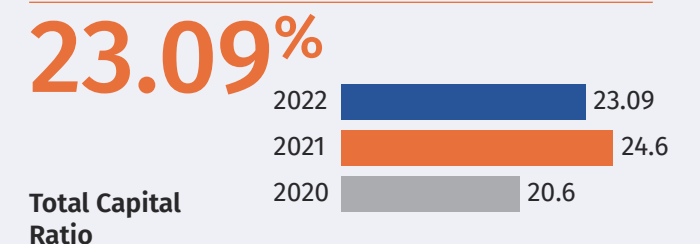
Maintaining sound capital management remains a key priority for the Bank. As at 31st December 2022, the Bank's Tier One Capital Ratio and Total Capital Ratio stood at 23.07% and 23.09% respectively, all comfortably above the minimum required levels of 12.5% and 14.5% respectively. The Bank continues to place strong emphasis on sustaining healthy funding levels in line with the bank's overall sustainable growth ambitions.



Total loans to customers divided by total deposits from customers.



Core Capital divided by risk weighted assets including off balance sheet items.



Total Capital divided by risk weighted assets including off balance sheet items.

Our Non-Financial KPIs:

Customer Satisfaction

The bank regularly tracks customer satisfaction through internal and external surveys. We learn and innovate with customer feedback and aim to integrate the focus on customer experience into all the processes.

59

Net Promoter Score (NPS)

%Promoters - %Detractors

Digital platforms

We continue to enhance our digital propositions and redesign end-to-end customer journeys to deliver smooth digital experiences and drive increased digital adoption to widen financial inclusion.

70

million

Mobile Transactions

Number of transactions executed through NMB Mkononi, the bank's mobile banking platform.



90

million

Agency Banking Transactions

Number of transactions executed through the bank's agency banking outlets.



47

million

Transactions on ATMs

Number of transactions executed on the bank's ATM machines.



94%

Share of transactions through digital channels

Digital channels comprise NMB Mkononi (mobile banking platform), Agency Banking outlets, and ATMs.



+6.1

million

Number of Customer Accounts

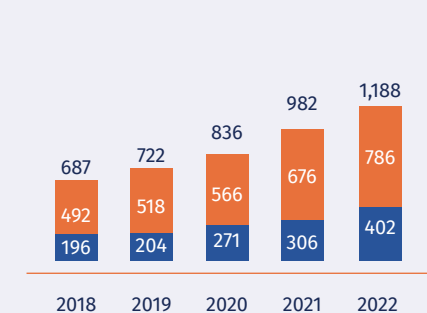
Total number of customer accounts. The largest customer base in Tanzania.



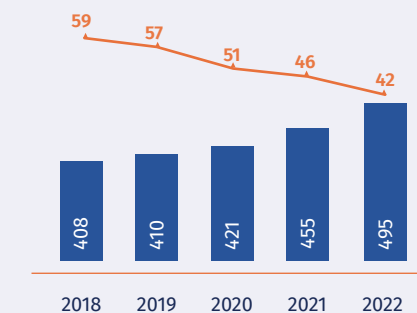
Five year Performance Trend

Delivering sustainable business growth.

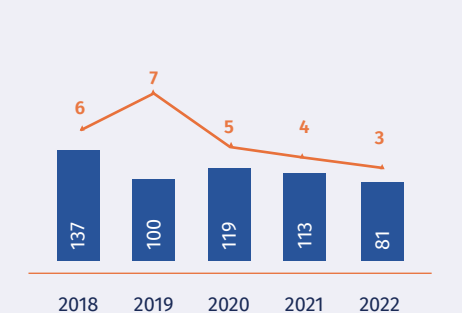
Total Revenue (TZS bln)



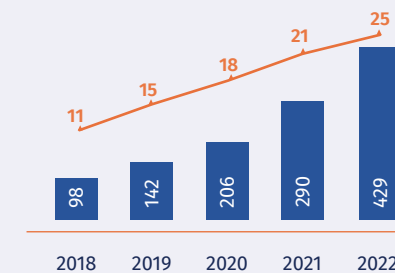
OPEX (TZS bln) & CIR (%)



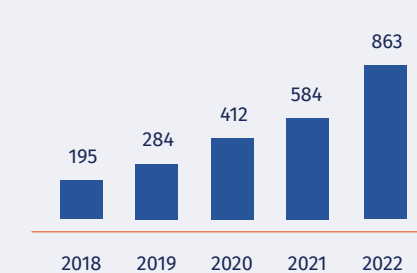
Impairment (TZS bln) & NPL Ratio (%)



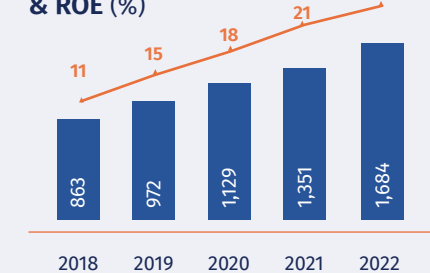
PAT (TZS bln) & ROE (%)



Earnings Per Share (TZS)



Shareholders' Fund (TZS bln) & ROE (%)



Total Assets (TZS bln)



Loans & Advances (TZS bln)



Customer Deposits (TZS bln)



The Value We Impacted

Distributable financial value



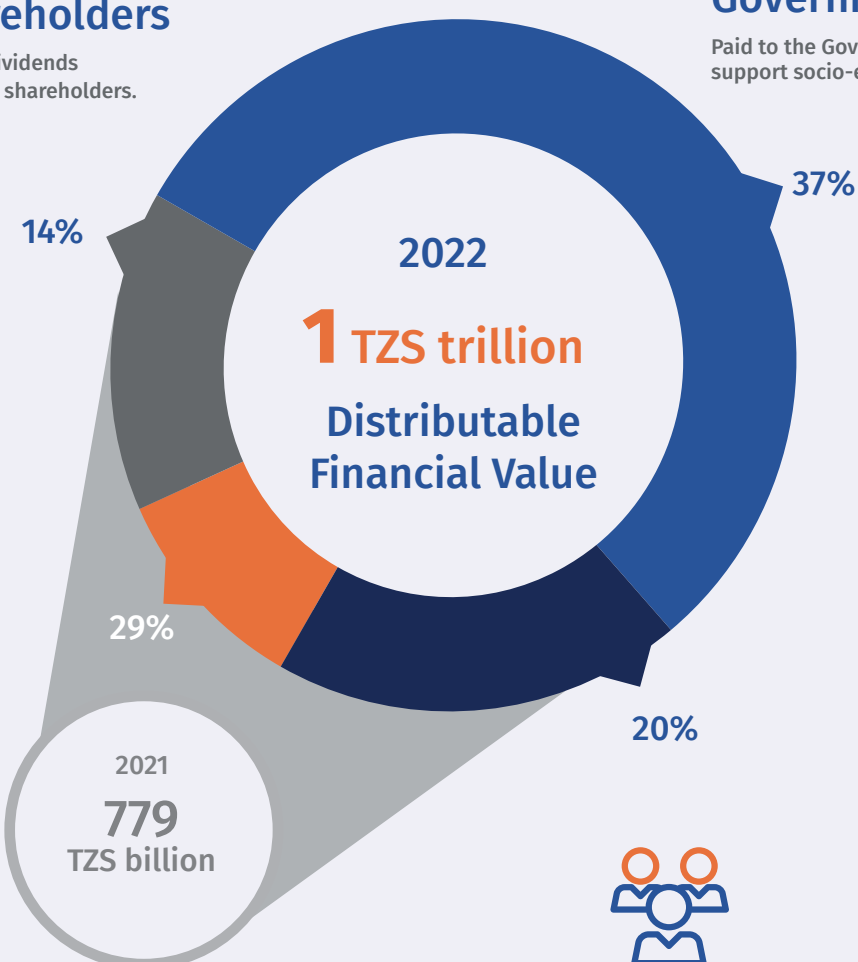
143.1 TZS billion
Shareholders

Paid in dividends to equity shareholders.



383 TZS billion
Government

Paid to the Government in taxes to support socio-economic development.



293 TZS billion
For Expansion & Growth

Paid towards expansion and growth.



202 TZS billion
Employees (excl. SDL & PAYE)

Allocated towards employees, including spending on training and development.

Value Added Statement

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

	2022 TZS' Millions	2021 TZS' Millions
Value added		
Income earned by providing banking services	1,450,073	1,196,204
Interest expense paid to 3rd party funding	(38,363)	(32,803)
Other depositors	(128,944)	(106,428)
Fee and commission expense	(94,260)	(74,891)
Impairment	(81,180)	(113,129)
Total cost of banking service	(342,747)	(327,251)
Value added by banking services	1,107,326	868,953
Other operating income and expenditures	(85,053)	(89,763)
Value added from banking services	1,022,273	779,190
Value allocated		
To Employees:		
Salaries and other benefits	202,428	186,673
To Shareholders:		
Dividend to other shareholders	97,639	65,921
Government	45,486	30,709
To Government:		
Corporate Tax	186,720	123,701
PAYE	55,083	49,073
Skills development levy	8,785	7,934
Excise Duty	42,838	29,500
VAT on services	84,373	55,819
Other taxes	5,484	3,338
	383,282	269,364
To Expansion & Growth:		
Depreciation, deferred tax and retained earnings	293,437	226,523
	1,022,273	779,190

Strategy Review

On Course with Our Strategic Priorities

Execution of our strategy as guided by our Medium-Term Plan (MTP) 2021-25 is well on track. In 2022, we entered the second year of our MTP with commendable financial and non-financial results.



Operating Environment

Tanzania's economy performed satisfactorily in 2022, with GDP growth rate of 4.5%, driven by growth in key economic activities including agriculture, construction, manufacturing, real estate, and other services. Global economic challenges continued to impact overall economic activities and exert pressures on inflation in the country, but to a lesser extent than before as the year rolled out, largely due to easing of supply chain disruptions and commodity prices in the world market, as well as interventions made by countries to cushion economies from the adverse impact of the Russia-Ukraine conflict and the effects from the COVID-19 pandemic.

International Monetary Fund (IMF) - World Economic Outlook Update - January 2023

In 2023, the economic outlook is positive, with output growth projected to be higher than in the preceding year. Real GDP is projected to grow at 5.6 percent in 2023, with the growth driven largely by private consumption on the demand side and by continued expansion in the services sector on the supply side. Output growth will be reinforced by strong growth of credit extended to the private sector, public investment, rebound in tourism, improvement in business climate, supportive fiscal and monetary policies, and the apparently easing of global

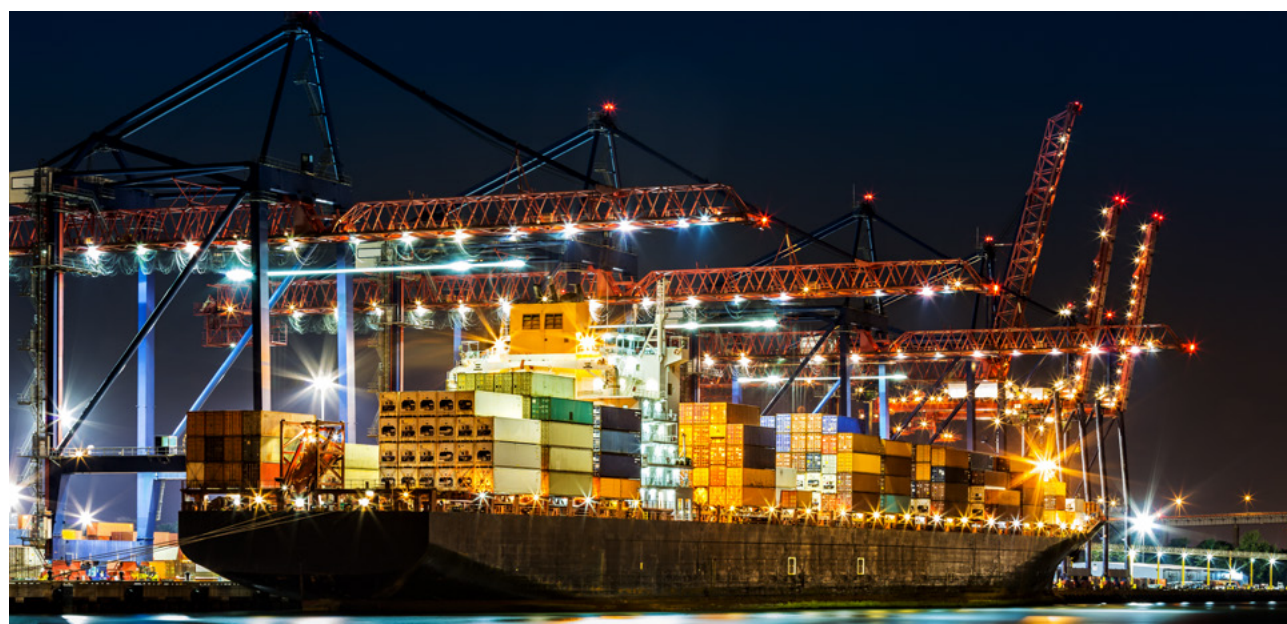
supply chain constraints which will also provide impetus to growth.

Inflation broadly exhibited an upward trend, largely attributed to high import prices of consumer goods. However, the pace of increase was comparatively moderate. Annual headline inflation eased to 4.8% in December 2022, below the forecasted 5.4% level for 2022/2023 and consistent with EAC and SADC convergence criteria.

The banking sector remained overall resilient to shocks, with banks remaining overall

adequately capitalized, with sufficient liquidity, and profitable. Assets and deposits of banks continued to increase, overall reflective of a supportive and improving business environment and increased digital penetration.

The sector is expected to continue to remain on its growth trajectory supported by prudential policy and regulatory measures undertaken by the Bank of Tanzania and continued strong efforts by the Government towards a supportive business and investment climate.



Strengths that make Tanzania an attractive investment destination

- Tanzania's pro-business stance
- Unparalleled level of Peace and Political Stability
- Strong domestic market
- A well-diversified economy
- Good track record of donor support

Economic Freedom Index

#6

Out of 47 Countries in Sub-Saharan Africa (SSA)

Tanzania's economic freedom score is 60.0. The Country's overall score is slightly higher than the world average.

Source: The Heritage Foundation

Strategic geographic location and access to markets

6

Gateway to six (6) Landlocked Countries

Landlocked Countries: Uganda, Rwanda, Burundi, DR Congo, Zambia & Malawi.

Total Population

#2

Within East Africa

Tanzania is the second most populous country in East Africa. With a population growth of approx. 3% per annum, the country is on course to becoming one amongst the most populous countries in Africa.

Policies for Doing Business

#51

Out of 128 Countries Globally

With a score of 54.4 (strength), Tanzania is ranked above regional peers.

Source: Global Innovation Index 2022

Corruption Perception Index

#2

Least Corrupt Country East Africa

Tanzania scored 38 points out of 100 on the 2022 Corruption Perceptions Index, to become the second least corrupt country within the East African Community (EAC).

Source: Transparency International

Strong Sovereign Rating (Outlook Upgraded)



Moody's Investors Service revised outlook on Tanzania to positive from stable and affirmed at "B2" (LT- foreign currency) credit rating.

Strengths that make Tanzania an attractive place

Tanzania has experienced over 20 years of sustained economic growth, culminating in its transition from low-income to lower-middle-income status in July 2020. Strong macro fundamentals allowed Tanzania to emerge from the COVID-19 pandemic in good shape, though economic recovery has been relatively modest due to strong headwinds created by the ongoing war in Ukraine, tightening global financial conditions, and global economic slow-down. The economic recovery in 2022 nevertheless remains broad based with most sectors rebounding to pre-COVID activity levels.

Country's GDP figures show that growth remained steady in 2022, driven by higher public investment and a broad-based sectoral recovery to pre-covid activity levels. Inflation has been well contained below Bank of Tanzania's target of 5%, and the balance of payments is quite sound despite a widening current account deficit. Exports are recovering from last year's contraction. The Government's Tanzania Development Vision 2025 and the Five-Year Development Plan (FYDP III) set out ambitious goals for reducing poverty and sustainably industrializing so that the country can achieve middle-income status by 2025.

Tanzania's achievements reflect sustained macroeconomic stability that have supported growth as well as the country's rich natural endowments and strategic geographic position.

Together with the strong nominal economic growth, the country boasts one of the fastest-growing population in the world. The results of the 2022 Population and Housing Census indicate that Tanzania's population stood at 61.7 million in August 2022. According to the census results, the population increased by 37% between 2012 and 2022, reflecting an average annual growth rate of 3.2%, the third highest population growth rate in the world.

Outlook

Tanzania's medium-long term outlook remains positive, with the country set to continue to benefit from a relatively stable political environment and solid macroeconomic policies that has allowed it to maintain sustained 6 to 7% growth rates in previous years. The World Bank forecasts that Tanzania's economy will expand by 5.3 percent in 2023, which is way above Sub-Saharan Africa's average growth of 3.6 per cent. This forecast hinges on a strong and consistent recovery in global economic activity.

On-going macro and governance reforms, and country's

commitment towards upholding of democratic principles, put Tanzania in a favorable position to continue attracting foreign direct investments. The credit rating agency (Moody's) has acknowledged the country's economic and institutional strength and resilience to global shocks, with credit rating unchanged, while the outlook upgraded during 2022 notwithstanding the global headwinds.

Climate change issues and policy options:

Agriculture, manufacturing, and energy are among the key sectors most vulnerable to climate change, with drought affecting agriculture and reliable power supply. Tanzania is 67 on the 2021 Global Climate Risk Index (GCRI). Its latest review of the 2015 National Determined Contribution (NDC) estimated the economic costs from climate shocks at about 1% of GDP. The government has developed policies to support climate resilience, including the National Climate Change Strategy 2021-2026, the Zanzibar Climate Change Strategy and the Environmental Management Act Cap. 191. Tanzania's NDC has a target of reducing GHG emissions by 10-20% by 2030 through actions including promotion of clean technologies and RE sources. (According to African Development Bank).

Solid, sound and profitable banking sector

Improving portfolio quality

Overall banking sector portfolio quality continues to improve significantly, indicative of strong broad-based macro-economic recovery and growth in Tanzania. Industry NPL decreased to 5.8% in 2022 from 8.5% in 2021.

Record profitability

The banking sector is one of the fastest-growing sectors of the Tanzanian economy. The sector is well capitalized, and profitable with the two largest banks accounting for 46% of total assets at 31 December 2022. Prudent regulation and effective oversight by the Bank of Tanzania continue to ensure the resilience of the banking sector to external shocks. Capitalization efficiency rates, and the sector's profitability was robust in 2022, with a return on equity over 18% during the period, and a record sectoral profitability surpassing TZS 1 Trillion mark (closing at TZS 1.23 Trillion, for the first time in the history of the banking sector).

Strong credit growth

Credit growth supported the economic recovery and propelled growth in 2022. The banking sector loan portfolio growth accelerated to 19% YoY in 2022, driven by both corporate and retail lending growth. Credit to private sector grew by 22.5% to December 2022 reflecting on-going recovery of economic activities from the effects of COVID-19 pandemic and continued supportive monetary and fiscal policies.

Strong macro outlook for 2023

A strong and positive outlook

The resilience of the Tanzanian economy to external shocks has historically been supported by a stable macroeconomic environment, prudent monetary and fiscal policies, the diversity of economic sectors, and a healthy and solid banking system.

The IMF estimates a GDP growth for Tanzania of +5.1% in 2022, and 6.0% in 2026. According to the Bank of Tanzania (BOT) and the International Monetary Fund (IMF), the real GDP of Tanzania grew by 4.9% in 2021 reaching USD 70.28 billion. The real GDP of Tanzania was USD 64.4 billion in 2020 and USD 60.8 billion in 2019.

In its Africa's Macroeconomic Performance and Outlook – January 2023, the African Development Bank (AfDB) projects that Tanzania GDP will grow by +5.6% in 2023, and by +6.1% in 2024. Similarly, the World Bank (WB) forecasts in its Global Economic Prospects Report – January 2023 that the GDP of Tanzania will expand by +5.3% in 2023, and by +6.1% in 2024.

Fastest growing economies

The five top performing economies in the continent (Tanzania being one amongst them) are expected to grow by over 5.5 percent during 2023/24.

The AfDB projections corroborate with the World Bank's forecasts that Tanzania's economy will expand by +5.3 percent in 2023.

With this positive GDP growth outlook, Tanzania will reclaim its position among the world's ten fastest-growing economies.

Contained inflation

The Russia-Ukraine war has resulted in energy and food price hikes on global commodity markets, which translates into higher inflation. In 2023, annual average inflation in Tanzania is expected at below 5%, owing to supportive monetary policy, and an increase in food production.



Chairman's Statement



"Our rich heritage and our deep sense of corporate purpose, backed by strong governance, have enabled us to continue playing a key role in catalyzing growth and socio-economic development through provision of innovative solutions, enabling strong outcomes."

Dr. Edwin P. Mhede
Board Chairman

In 2022, we celebrated our Silver Jubilee, marking 25 years of the bank's operations. We continued to drive strong performance having delivered another set of record results and continued to make good progress on our strategic ambitions.

We remained steadfast to our aspirations of being a responsible bank, we continued to sharpen our focus on sustainability and gained momentum in embedding sustainability within the organization as a core facet of our strategy. In line with our commitment to our purpose of being a responsible employer, we maintained focus on our people-centered culture by driving a highly engaged and diverse workforce and continued to invest in our people to future-proof the bank.

Our rich heritage and our deep sense of corporate purpose, backed by strong governance, has enabled us to continue playing our imperative role in catalyzing growth and socio-economic development through provision of innovative solutions, enabling strong outcomes.

Key Highlights

Record

863
TZS

Earnings per share
(2021: TZS 584)

Record

286
TZS

Dividend per share
(2021: TZS 193)

1,684
TZS billion

Shareholder's Fund
(2021: TZS 1,351 billion)



Over the last two years, we have experienced events that will have lasting impact for generations to come: an extraordinary global pandemic that has affected all facets of society since 2020 and the Russia-Ukraine war that has shaken the global community since early 2022. However, amidst the backdrop of a challenging broader global environment, 2022 has offered a favorable context for broader economic recovery, of which NMB Bank has been able to benefit. Building on our strong foundations and the transformations we began several years ago, we remained on course with our strategic ambitions, with the bank posting yet another historical performance in 2022 – a record of which we can be truly proud of.

We are determined and confident in our ability to face the challenges that emerged in 2022 and those that may arise in the future. We are steadfast in our conviction that our strategy is the right one as we continue to deliver strong value creation for our shareholders and to the broader stakeholder community.

The Board believes that NMB Bank remains in very strong

shape, in terms of the quality of its brand, strong financial performance, robust capital position, and resilient to the challenging global operating environment. By staying true to our core values and business principles, the Bank remains well positioned to deliver strong outcomes for our stakeholders in line with sustainable growth ambitions.

NMB Silver Jubilee

Commemorating our 25 Year Anniversary

2022 was NMB Bank's 25th year. NMB Bank was established at a time when the country's economy and banking sector as a whole was experiencing significant transformation. During this period, several key themes emerged that are important to this institution. NMB Bank has grown substantially over this time, undergoing remarkable transformation, and successfully managing through the ups and downs with great resilience and integrity as an institution. We have remained true to our mission and steadfast in our strategic priorities, delivering remarkable business growth and consistently strong profitability.

In line with our commitment to delivering a superior customer experience, the bank fully embraced digital transformation throughout the organization and – with the good progress along our digital transformation journey – we are well along the path to becoming a digitally-transformed organization that closely listens to its customers and responds by developing relevant solutions to address their needs. This lies at the heart of our strategic thinking and the Board is committed to the same.



Operating Context

Global Economy grappled with steep challenges in 2022

The global economy experienced several turbulent challenges in 2022, including global inflation which is higher than has been observed in several decades, tightening financial conditions in most regions, on-going geopolitical tensions from the Russia-Ukraine crisis, and the lingering COVID-19 pandemic which all weighed heavily on the overall outlook.

Monetary conditions across global economies increasingly tightened, triggered by persistent and broadening inflationary pressures. This, alongside a strong appreciation of the US dollar against most major currencies, contributed significantly to domestic price pressures and to a cost-of-living crisis for many emerging markets and developing economies. Commodity prices amplified (towards the tail end of 2022) and further in Q3 2022, stemming from the shock of the Russia-Ukraine war. Although some signs show that these prices might be starting to ease off as global demand slows, the recent extreme climatic events (heat waves, droughts) are a stark reminder of the near-term climate change threat and its likely impact on agricultural productivity which may elevate prices again.

Looking ahead, global inflation is expected to decrease to 6.6% in 2023 and ease further to 4.3 percent by 2024 from the estimated 8.8% in 2022. However, overall growth is projected to slow to 2.9% in 2023 from a forecasted 3.4% for 2022. The global economy's future health rests critically on the successful calibration of monetary policy,

the course of the Russia-Ukraine war, and the possibility of further pandemic-related supply-side disruptions. Given the external environment, we remain focused on navigating the road ahead with continued discipline, rigor, and will continue to enhance our engagements with our stakeholders in addressing their needs. The Board is confident there are many opportunities ahead for a bank with its competitive strengths and we continue to be well positioned to capture them.

Tanzania's Economy Remained Resilient

Overall, Tanzania's economy demonstrated continued resilience, with the economic performance remaining satisfactory in 2022. Tanzania's GDP grew at a rate of 4.5%, driven by growth in key economic activities including agriculture, construction, manufacturing, real estate, and other services. Global economic challenges continued to impact overall economic activities and exert pressures on inflation in the country. However, this was to a lesser extent than before, largely due to easing of supply chain disruptions and commodity prices in the world market, and interventions made by countries to cushion economies from the adverse impact of the Russia-Ukraine war and the COVID-19 pandemic.

In 2023, the economic outlook is positive, with output growth projected to be higher than in the preceding year. Real GDP is projected to grow at 5.6% in 2023, with the growth driven largely by private consumption on the demand side and by continued expansion in the services sector on the supply side. Output growth will be reinforced by strong growth of credit extended

to the private sector, public investment, rebound in tourism, improvement in business climate, supportive fiscal and monetary policies, and the apparently easing of global supply chain constraints which will also provide impetus to growth.

Inflation broadly exhibited an upward trend, largely attributed to high import prices of consumer goods. However, the pace of increase was comparatively moderate. Annual headline inflation eased to 4.8% in December 2022, below the forecasted 5.4% level for 2022/2023 and consistent with EAC and SADC convergence criteria. Inflation was lower than in most countries in EAC and SADC due to interventions made by the Government to lessen the impact of high prices of imported consumer goods and increase in households' consumption of non-tradeable goods. Inflation is expected to remain low and stable due to easing of supply chain constraints and expected good food harvests.

Overall lending rates remained broadly stable, recording an average of 16.03% in Q4 2022 from 16.29% that was recorded in Q3 2022. Interest rates on deposits averaged at 7.30% in Q4 2022 slightly down by 2.3% compared to 7.53% recorded in Q3 2022.

The shilling depreciated by slightly against major global trading currencies, trading at an average of TZS 2,319.87 per USD in Q4 2022 from TZS 2,316.05 per USD recorded in Q3 2022. The traditional dollar inflows from cashew during the last quarter of the year, were outweighed by outstanding demand from corporates, SMEs and Agri inputs importers.

Moody's credit rating agency acknowledged the country's economic and institutional strength and resilience to global shocks, with credit ratings upgraded to a positive outlook from the previously stable outlook, reflecting a continued stable, operating environment, with on-going implementation of efforts by the Government to enhance business and investment climate in the country to spur overall socio-economic development. The upgrade reflects Tanzania's increasingly growing reputation for its pro-business and investment measures and reforms, as well as a strong focus driving anti-corruption measures.

Stable Banking Sector

The banking sector remained resilient to shocks, with banks remaining adequately capitalized, with sufficient liquidity, and profitable. Assets and deposits of banks continued to increase, overall reflective of a supportive and improving business environment and increased digital penetration. Growth of private sector credit remained strong, with an annual rate of 22.5 percent in December 2022, reflecting ongoing recovery of economic activities from the effects of COVID-19 pandemic and continued supportive monetary and fiscal policies.

The sector is expected to continue on its growth trajectory supported by prudential policy and regulatory measures undertaken by the Bank of Tanzania and continued strong efforts by the Government towards a supportive business and investment climate.

Performance

Despite broader occurrences within the macroeconomic space that affected our operating environment, the underlying quality of the NMB brand and performance of the Bank have not been obscured. Once again, we went ahead to post impressive results, with the record 2022 performance leaving a mark in our bank's history.

The strong performance benefited from broad-based business growth with increased revenue. We also kept costs and risks under control, resulting in a record high level of profitability. Net profit rose 48% to reach a record high of TZS 429 bln, while shareholder return was at 25%, a level not seen since 2013. The bank also has a solid balance sheet, with a good quality loan portfolio and solid deposits base. Our capital position remained solid, with Tier One Capital Ratio of 23.07% and Total Capital Ratio of 23.09%, against regulatory minimums of 12.5% and 14.5% respectively. The high capital levels are significantly above regulatory requirements and provide sufficient headroom for further growth and expansion.

The bank's performance gives us confidence in the progress along our overall strategic ambitions. We intend to focus even more strongly on the needs of our clients as we continue to progress along our strategic journey and build on what we have done successfully over the last few years to further improve outcomes for our stakeholders.

Being Sustainable

Being purpose-driven is part of our DNA. Since our inception, we have believed in the importance of championing sustainability and, building on our strong heritage, we have continued to reinvent ourselves over the years with a view to creating a more sustainable bank.

In line with our mission of helping people achieve more of their potential in the right way, we continued to implement various social impact programs along our Corporate Social Investment (CSI) pillars of education, health, agriculture, entrepreneurship, and the environment. During the year, we contributed meaningfully to our communities, including providing access to quality educational infrastructure and motivating learning experiences to more school students across the country and providing financial education training to bolster our communities' financial well-being. We also supported various health centers around the country to bolster service delivery and healthy systems through provision of equipment.

The NMB Foundation Scholarship program, which offers a comprehensive scholarship that covers full tuition, upkeep, as well as mentorship, provides a pathway for top performing students to access quality education and empowers them to pursue their ambitions. In its inaugural year, 65 students benefited from the Scholarship program. We recognize that education is an important tool in transforming society and will continue working with key stakeholders to identify and empower the next cohort of students/generation of leaders.

As the leading bank in the country, we continued to sharpen our sustainability focus by further embedding ESG considerations across our business and operations. We continue to make good progress in embedding climate-related and broader ESG considerations into the organization in line with global best practices. Sustainability continues to be a key agenda for the bank, and we will continue to ensure further progress on ESG integration into our operations moving forward.

We continue to invest heavily in our people through staff training to drive a high performing and engaged workforce and ensure an inclusive and empowering working environment where all employees could thrive and fulfill their potential.

The Board

During 2022, we bid farewell to four of our Non-Executive Directors; Leonard Mususa, George Mulamula, Christine Glover, and Theresia Mihayo, each of whom greatly contributed to the Board over the years and played a key role in the Bank's and the Board's continued success. I would therefore like to take this opportunity to thank them for their dedicated service to the Bank and for being part of building the strong foundation for our growth. Their enduring contribution to the Bank's growth over the years is truly appreciated.

In the year 2022, we welcomed three members; Aziz Dachi, Ramadhani Mwikalo and Clement Mwinuka, who were appointed to the Board at the 22nd Annual General Meeting of the Bank's shareholders. Mr. Dachi has a strong combination

of technology expertise and brings a wealth of experience in the areas of Systems Audit, Technology, Innovation and Governance. Mr. Mwikalo, a seasoned technology practitioner with over 40 years of experience in the technology sector, brings a wealth of experience in technology and digital transformation. Mr. Mwinuka is multidisciplinary and a seasoned professional, with a distinguished career spanning over 30 years in the areas of Governance, Risk Management, and Strategy. Their expertise complements the skillsets of the existing Board and support the bank's digital transformation agenda. We look forward to serving the Bank and Board with support from our new members.

With growth comes responsibility. In our pursuit of sustainable business practices, the Board remains acutely aware of the need to develop the bank's corporate vision and accompanying values that serve our increasing status as a key financial player. To this end, our overall philosophy reflects sustainability and best practice as our foundation principles. In accordance with these principles, we have continued to strengthen governance practices and enhancing our capabilities to ensure we serve the needs of the business, our customers, community, and our shareholders.

Dividend

The Board has proposed dividend per share of TZS 286 for the year 2022 for approval at the forthcoming annual general meeting. The proposed dividend per share is an increase of 48% from the TZS 193 per share paid for the previous year 2021.



Looking Ahead

As the leading bank in Tanzania, NMB Bank remains pioneering in spirit and remains committed to supporting the growth and overall socio-economic development of Tanzania. In 2022, we were honored to have flown the Tanzanian flag high with our global awards. As we go forward, we intend to continue challenging ourselves to deliver even stronger outcomes for our stakeholders.

Although there is a dim in overall global outlook due to a slowdown in global economic activity from the impact of the Russia-Ukraine conflict, tightening global financial conditions, and tail-wind effects of COVID-19 pandemic, there is room for much optimism ahead. Tanzania's GDP is expected to grow at 5.6% (Africa Development Bank) in 2023 due to improved performance in tourism, on-going implementation of key economic transformation projects, and further reopening of trade corridors.

In the coming year, we anticipate that our business will continue to be impacted by overall conditions in the global macro-economic environment, along with increasing competitive pressures. However, we believe that based on our deep and long experience in this market, we will continue to achieve solid and sustainable success.

Our focus remains to deliver a solid and sustainable performance, through continued disciplined strategy execution and optimally investing in and leveraging off technology to ensure customer-centricity is further embedded in our operations. While we have made good strides in digital transformation, we intend

to continue to leverage on key technologies and innovations to enhance the customer experience and make banking more effortless for our customers. Advancing the sustainability agenda also remains a priority in the year 2023. We have our eyes set on driving further efforts towards biodiversity restoration through reforestation of key areas across the country to enhance our environment's overall ecological resilience. We will work closely with our stakeholders, including the Government of Tanzania, Public Institutions, and our key partners in driving a campaign aimed at planting 1 million trees by end of 2023. This, along with other areas of focus in the broader ESG domain, will remain key agendas of focus during the year to further embed sustainability.

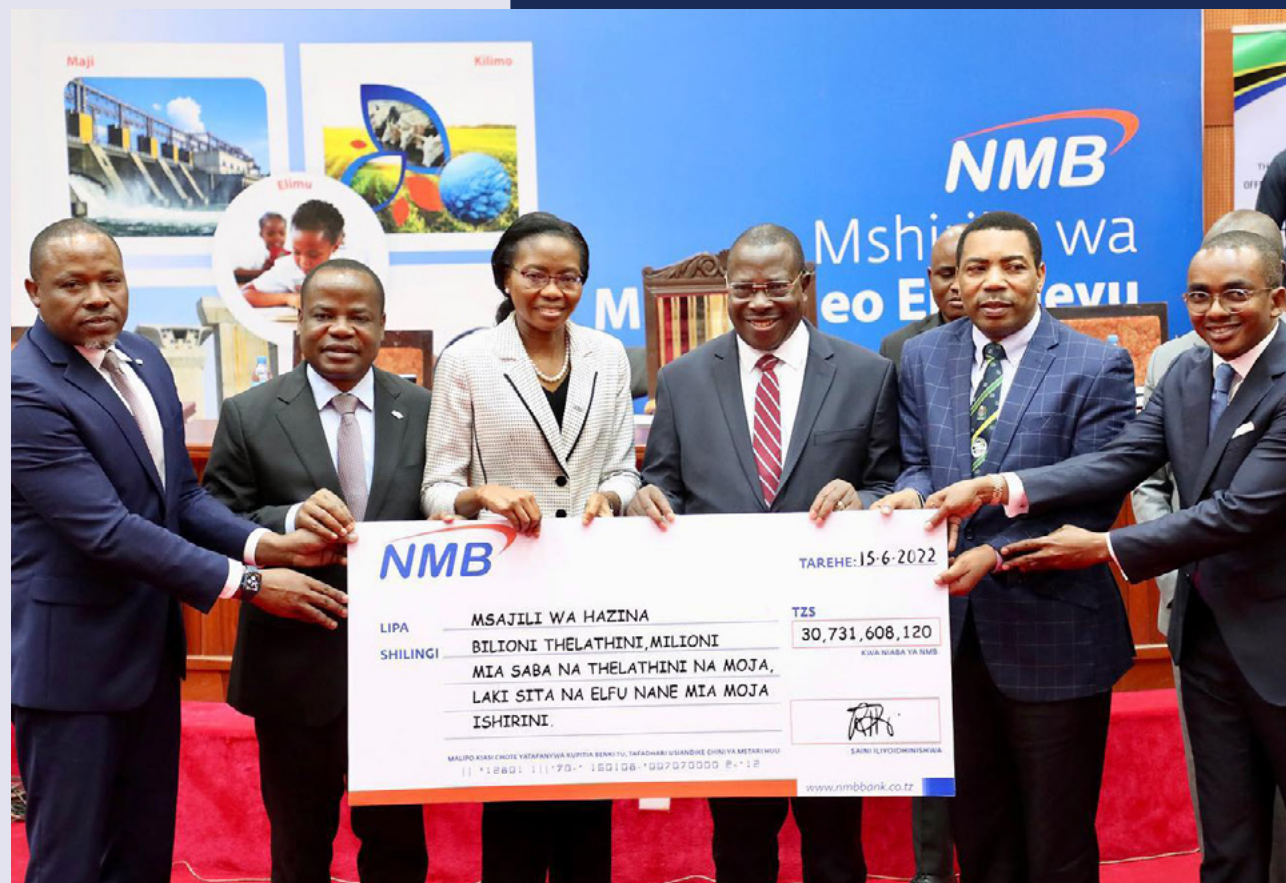
Appreciation

I would humbly like to extend my sincere gratitude and thanks to the NMB Bank shareholders, customers, and partners for their unwavering support of the Bank over the years. The Board is very grateful to the regulator, the Bank of Tanzania, for continued valued guidance and the Government of the United Republic of Tanzania for support. I also thank my fellow Directors for their consistent commitment to their roles on the Board and to the affairs of the Bank.

My deep appreciation goes to the CEO, Ruth Zaipuna, and the Executive Committee for the invaluable role they play in executing our strategy and ensuring that the business is on track. The Bank's strong results speak for themselves.

To our employees working across the bank, thank you for your commitment in delivering our vision and for your diligent contribution in helping us to remain the preferred financial services provider.

With your support, we have grown into a leading and sustainable institution, underpinned by strong ethical and governance standards. We intend to maintain these standards as we progress further towards our overall strategic ambition.



Taarifa ya Mwenyekiti



"Utamaduni wetu mzuri wa kujali na kutanguliza mbele masilahi ya kampuni pamoja na usimamizi makini, vimetuwezesha kuendelea kuwa na mchango mkubwa katika kuchochea kukua kwa uchumi na maendeleo ya jamii kutokana na huduma za kibunifu tunazozitoa, hivyo kupata matokeo mazuri."

Dkt. Edwin P. Mhede
Mwenyekiti wa Bodi

Tunapoadhimisha miaka 25 tangu kuanzishwa na kuendelea kutolewa kwa huduma za Benki yetu, tunaendelea kuimarisha ufanisi unaotufanya tupate matokeo chanya hivyo kututia moyo wa kutekeleza mipango yetu.

Ili kuendelea kubaki katika mstari wa kuwa Benki inayowajibika, tuliendelea kusimamia misingi yetu ya kitaasisi na tukapata nguvu za kuendelea kupigania ndoto zetu ndani ya taasisi, hivyo kutimiza mpango mkakati wetu. Tukiwa tumejielekeza katika kutimiza malengo yetu ya kuwa mwajiri anayejali zaidi, tuliendeleza utamaduni wetu wa kutanguliza masilahi ya watu kwa kuhakikisha tunakuwa na wafanyakazi wenye vipawa tofauti huku tukiviendeleza kwa manufaa ya baadaye ya Benki.

Utamaduni wetu mzuri wa kujali na kutanguliza mbele masilahi ya kampuni pamoja na usimamizi makini, vimetuwezesha kuendelea kuwa na mchango mkubwa katika kuchochea kukua kwa uchumi na maendeleo ya jamii kutokana na huduma za kibunifu tunazozitoa, hivyo kupata matokeo mazuri.

Vidokezo Muhimu

Rekodi

TZS

863

Pato kwa kila hisa
(2021: TZS 584)

Rekodi

TZS

286

Gawio la kila hisa
(2021: TZS 193)

TZS bilioni

1,684

Mtaji wa Wanahisa
(2021: TZS bilioni 1,351)



Kwa miaka miwili iliyopita, tumeshuhudia changamoto ambazo itachukua vizazi kadhaa mpaka athari zake kusahaulika. Kwanza ni mlipuko wa janga la Uviko-19 ambalo limeathiri, kwa kiasi kikubwa, shughuli nyingi za kiuchumi na kibinadamu tangu mwaka 2020 halafu mgogoro kati ya Urusi na Ukraine ambayo imeitikisa uchumi wa dunia tangu mwanzoni mwa mwaka 2022. Hata hivyo, katika mazingira hayo magumu, mwaka 2022 ulikuwa na unafuu kwani biashara nyingi zilianza kufunguka kutokana na ahueni iliyokuwapo nchini hata Benki ya NMB kupata faida iliyovunja rekodi kwenye sekta ya fedha nchini. Kutokana na misingi imara tuliyonayo na mabadiliko tuliyoyanza miaka mingi iliyopita, hatukuyumba katika utekelezaji wa mpango mkakati wetu, hivyo kuiwezesha Benki kupata faida kubwa ya kihistoria mwaka 2022 – rekodi ambayo tunaweza kujivunia popote.

Tuna uhakika kuhusu uwezo wetu wa kukabiliana na changamoto zilizoibuka mwaka 2022 na zozote zitakazojitokeza baadaye. Tunaamini mpango mkakati wetu ni madhubuti na ndio maana tunaendelea kuongeza thamani kwa wanahisa wetu pamoja na wadau wengine muhimu katika jamii.

Bodi inaamini kwamba Benki ya NMB itaendelea kuwa imara, kuanzia umashuhuri wake, faida ya biashara, mtaji wa kutosha mpaka uwezo wa kuhimili changamoto zinazojitokeza kutokana na majanga yanayoikumba dunia hivyo kuendelea kukidhi matarajio ya wadau wake huku ikikua kila siku.

Miaka 25 ya Huduma za Viwango

Mwaka 2022 ulikuwa ni wa 25 tangu kuanzishwa kwa Benki ya NMB ambayo ilianzishwa katika kipindi ambacho uchumi wa Taifa na sekta ya benki kwa ujumla ilikuwa inapitia mabadiliko makubwa. Katika kipindi hiki chote cha kutoa huduma, Benki imefanya maboresho kadhaa ambayo ni muhimu kwa ustawi wake. Benki ya NMB imekua ndani ya kipindi hicho ikifanya maboresho muhimu hivyo kumudu kuyakabili magumu yaliyojitokeza na kubaki kuwa taasisi imara na inayoaminika. Tumeyasimamia malengo yetu na kutekeleza mipango tuliojiwekea hivyo kuza biashara jambo lililotuwezesha kupata faida kubwa.

Ukiacha kujitoa kwetu katika kumhudumia mteja kwa bidhaa bora zaidi sokoni, Benki imefanya maboresho ya kidijiti katika idara zake zote – safari hiyo nzuri ya mapinduzi ya kidijiti – imetuweka mahali pazuri kujitambulisha kuwa taasisi ya kidijiti inayomsikiliza mteja na kumpa suluhisho linalokidhi matarajio yake na kutatua kero zake. Mtizamo huu upo ndani ya moyo wa fikra zetu na Bodi ya Wakurugenzi nayo inaamini katika hilo.



Mazingira ya Biashara

Uchumi wa Dunia Kukumbwa na Majanga mwaka 2022

Uchumi wa dunia ulikumbwa na changamoto kadhaa mwaka 2022 ukiwamo mfumuko mkubwa wa bei ambao haujawahi kushuhudiwa kwa karne nyingi, hivyo kusababisha hali ngumu ya kiuchumi katika maeneo mengi, migogoro ya kikanda inayoendelea ikiwamo vita kati ya Russia na Ukraine, pamoja na janga la Uviko-19 ambavyo kwa pamoja vimeathiri kukua kwa uchumi kwa kiasi kikubwa.

Hali ya kiuchumi katika mataifa mengi ilikuwa ngumu kutokana na mfumuko mkubwa uliojitokeza. Hali hii, pamoja na kuimarika kwa Dola ya Marekani dhidi ya sarafu nyingi duniani, kulisababisha bei ya bidhaa nyingi kupanda hivyo kupaisha gharama za maisha katika mataifa mengi hasa yanayoendelea. Bei za bidhaa zilipanda sana (hasa kuelekea mwishoni mwa mwaka 2022) na zaidi katika robo ya tatu ya mwaka 2022 ikichangiwa na kuibuka kwa mgogoro wa Russia na Ukraine. Ingawa dalili zimeanza kuonyesha bei zitashuka kadri mahitaji ya huduma na bidhaa yanavyopungua duniani, mabadiliko ya tabianchi (ukame na kupanda kwa joto) yanayoshuhudiwa duniani ni dalili za janga la mabadiliko ya hali ya hewa linaloweza kuikumba dunia na kuathiri uzalishaji katika sekta ya kilimo hivyo kupaisha upya bei ya bidhaa sokoni.

Tukitizama mbele, mfumuko wa bei duniani unatarajiwa kushuka mpaka 6.6% mwaka 2023 na kufika 4.3% mwaka 2024 kutoka wastani wa 8.8% uliokuwapo mwaka 2022. Hata hivyo, kasi yakukua kwa uchumi inakisiwa kwamba itapungua mpaka 2.9% mwaka 2023 kutoka makadiri

ya 3.4% mwaka 2022. Ukuaji wa uchumi kwa siku zijazo, kwa kiasi kikubwa unategemea sera makini ya fedha, athari za mgogoro wa Urusi na Ukraine na mwingiliano mwingine wowote utakaosababishwa na janga la dunia. Kwa hali itakavyokuwa katika mazingira ya ulimwengu, tunaendelea kujielekeza katika utekelezaji wa mikakati yetu kwa nidhamu na uendeleu, huku tukiwashirikisha wadau ili kukidhi mahitaji yao. Bodi inaamini kuna fursa nyingi huko mbele kwa Benki ya NMB kuutumia uwezo wake kunufaika nazo na tumejipanga vyema kuzitumia.

Uchumi wa Tanzania Bado Uko Imara

Kwa ujumla, uchumi wa Tanzania ulikuwa imara huku vigezo vyote vikionyesha kwamba upo kwenye uelekeo mzuri kwa mwaka 2022. Pato la Taifa (GDP) lilikua kwa 4.5% likichangiwa na kuimarika kwa sekta muhimu ikiwamo ya kilimo, ujenzi, viwanda, nyumba na makazi, pamoja na huduma nyingine. Changamoto za dunia ziliendelea kuathiri biashara na shughuli nyingine za kiuchumi hivyo kusababisha kupanda kwa bei ya bidhaa nchini. Hata hivyo, mfumuko ulioshuhudiwa ulikuwa wa kiwango cha chini ukilinganishwa na uliowahi kujitokeza huko nyuma kutokana na kutoathirika sana kwa mnyororo wa usambazaji bidhaa pamoja na kushuka kwa bei ya bidhaa katika soko la dunia, jitihada zilizochukuliwa na Serikali kuuhami uchumi dhidi ya athari za vita kati ya Urusi na Ukraine pamoja na janga la Uviko-19.

Mwaka 2023, makisio ya uchumi ni chanya huku ukuaji wake ukitarajiwa kuwa mkubwa zaidi ya mwaka uliopita. Uchumi halisi unatarajiwa kukua kwa 5.6% mwaka 2023 ikichangiwa zaidi na matumizi ya sekta binafsi pamoja na kutanuka kwa sekta

ya huduma. Kukua kwa uzalishaji kutatokana na kuimarika kwa mikopo inayotolewa kwa sekta binafsi, uwekezaji wa Serikali, kufufuka kwa sekta ya utalii, kuboreshwa kwa mazingira ya kufanyia biashara, sera rafiki za fedha na kodi, pamoja na kuondolewa kwa vikwazo vya kibiashara.

Mfumuko wa bei ulikua muda wote ukichangiwa zaidi na gharama kubwa za uingizaji wa bidhaa kutoka nje ya nchi. Hata hivyo, kupanda kwake kulikuwa kwa kawaida. Mfumuko huo ulifika 4.8% Desemba 2022, chini kidogo ya makadirio ya 5.4% uliokisiwa kwa mwaka 2022/2023 hivyo kuwa ndani ya mapendekezo ya Jumuiya ya Afrika Mashariki (EAC) na Jumuiya ya Maendeleo Kusini mwa Afrika (SADC). Kiwango hicho cha mfumuko kilikuwa kidogo zaidi ikilinganishwa na nchi nyingine zote za EAC na SADC kutokana na hatua mahsusi zilizochukuliwa na Serikali kukabiliana na athari za kupanda kwa bei ya bidhaa zilizozingizwa kutoka nje ya nchi na kuongezeka kwa matumizi ya kaya hasa kwa bidhaa zisizouzwa. Mfumuko wa bei unatarajiwa kubaki chini kutokana na kuondolewa kwa vikwazo vya kibishara kimataifa na matarajio ya mavuno ya uhakika wa mazao ya chakula.

Riba ya mikopo kwa ujumla ilikuwa kwa wastani wa 16.03% katika robo ya nne ya mwaka 2022 kutoka 16.29% iliyokuwapo katika robo ya tatu ya mwaka 2022. Riba ya amana za wateja ilikua kwa wastani wa 7.30% katika robo ya nne mwaka 2022 chini kidogo kwa 0.23% ikilinganishwa na 7.53 katika robo ya tatu ya mwaka 2022.

Thamani ya shilingi ilishuka kidogo ikilinganishwa na Dola ya Marekani na kufika TZS 2,319.87 kwa Dola moja ya Marekani katika robo ya nne mwaka 2022 kutoka TZS 2,316.05 katika robo ya tatu mwaka 2022.

Mapato ya fedha za kigeni hususan Dola yatokanayo na mauzo ya korosho katika robo ya mwisho ya mwaka yalikuwa kidogo yakilinganishwa na mahitaji makubwa ya mashirika na kampuni pamoja na uingizaji wa pembejeo za kilimo.

Tathmini iliyofanywa na kampuni ya Moody's ilidhihirisha uwezo wa uchumi wa Tanzania kukabili athari zinazotokea duniani, huku uwezo wa kukopesheka ukipanda na kuwa wa makisio chanya (positive outlook) kutoka yale ya mwanzo yaliyoonyesha uko vizuri (stable) hali inayoonyesha mazingira mazuri ya biashara, ukuaji endelevu, sambamba na juhudi za Serikali kuboresha mazingira ya biashara ili kufanikisha biashara na kuvutia uwekezaji hivyo kuchochea maendeleo. Tathmini hiyo inadhihirisha kuongezeka kwa heshima ya Tanzania katika kukuza biashara na uwekezaji pamoja na maboresho ya mifumo ikiwamo vita dhidi ya rushwa na ubadhirifu.

Sekta Imara ya Benki

Sekta ya fedha iliendelea kuwa himilivu kwa changamoto zilizojitokeza huku benki nyingi zikiwa na mtaji wa kutosha, ukwasi usioyumba na zinazopata faida. Mikopo iliyotolewa pamoja na amana za wateja ziliendelea kukua, kudhihirisha kuimarika kwa mazingira ya kufanyia biashara na ongezeko la matumizi ya huduma za kidijiti. Mikopo iliyotolewa kwa sekta binafsi iliendelea kuongezeka, ikipanda kwa 22.5% kwa Desemba 2022 hali inayothibitisha kuendelea kuimarika kwa shughuli za uchumi na biashara baada ya athari za janga la Uviko-19 sambamba na sera makini za fedha na uchumi.

Sekta inatarajiwa kuendelea kukua kutokana na sera makini, hatua za kimkakati zinazoendelea kuchukuliwa na kufanywa na Benki Kuu ya Tanzania pamoja na juhudi za Serikali kuweka mazingira rafiki na rahisi kwa biashara na uwekezaji.

Utendaji

Licha ya masuala kadhaa ya kiuchumi yaliyoathiri ufanyaji biashara, umashuhuri wa benki ya NMB pamoja na ufanisi wake haukuyumba. Kwa mara nyingine, tulipata faida kubwa iliyovunja rekodi yetu kwa mwaka 2022.

Ufanisi huo wa aina yake ulitokana na kukua kwa biashara na kuimarika kwa mapato. Vilevile, tulionesha ufanisi huku tukidhibiti vihatarishi, hivyo kupata faida kubwa ya kihistoria. Faida halisi baada ya kodi iliongezeka kwa 48% na kufika TZS 429 bilioni, huku mtaji wa wanahisa ukipanda kwa 25%, kiasi ambacho hakijawahi kufikiwa tangu mwaka 2013. Benki ilikuwa na mizania imara, ikitoa mikopo salama na kupokea amana za kutosha kutoka kwa wateja wake. Mtaji uliendelea kubaki wa kutosha, huku uwiano wa mtaji wa msingi ukifika 23.07% ikiwa ni juu ya 12.5% zinazopendekezwa kisheria na jumla ya mtaji ukiwa 23.09% ambao ni mkubwa kuliko 14.5% unaotakiwa kwa mujibu wa kanuni za Benki Kuu ya Tanzania. Viwango hivyo vya mtaji wa kutosha vinatupa uhakika wa kuendelea kukua na kuwa na uwezo wa kuwekeza kadri itakavyotakiwa.

Utendaji huu makini wa Benki unatupa uhakika kuhusu utekelezaji wa mpango mkakati. Tunatarajia kujielekeza zaidi katika kukidhi mahitaji ya wateja wetu wakati tukisonga mbele katika safari yetu ya kimkakati

kwa kuimarisha zaidi kwenye maeneo tuliyofanya vizuri kwa miaka kadhaa iliyopita ili kuboresha zaidi masilahi ya wateja na wadau wetu wengine.

Kubaki kuwa Endelevu

Kujikita kwenye utekelezaji wa malengo yetu ni kati ya mambo ya msingi yanayojenga utamaduni wetu. Tangu kuanzishwa kwetu, tumekuwa tukiamini katika kuwa kinara wa kufanya mambo kwa uendelevu, kujiimarisha zaidi kwenye maeneo tunayofanya vizuri ili kuendelea kuwa Benki endelevu.

Sambamba na dhima yetu ya kuwasaidia watu kufanikisha malengo yao, tuliendelea kutekeleza miradi kadhaa ya kuisaidia jamii kupitia Fungu la Uwajibikaji kwa Jamii tukijielekeza zaidi kwenye sekta ya elimu, afya, kilimo, ujasiriamali na mazingira. Mwaka 2022, tulichangia hasa kwa jamii yetu, ikiwamo kuboresha miundombinu ya elimu ili kuhamasisha watoto nchini kujifunza na kutoa elimu ya fedha ili kukuza ujuzi wa kusimamia kipato binafsi katika jamii. Vilevile, tulisaidia kuboresha huduma katika vituo vya afya kwa kupeleka vifaa muhimu pamoja na vifaatiba.

Programu ya Taasisi ya NMB Foundation inayotoa ufadhili wa masomo unaojumuisha ada yote, gharama za kujikimu shuleni pamoja na mafunzo ya mwongozo, ni fursa kwa wanafunzi wenye uwezo mkubwa kupata elimu bora na kuwawezesha kufanikisha malengo yao binafsi. Wakati inazinduliwa, zaidi ya wanafunzi 65 walinufaika kutokana na ufadhili huo.

Tunatambua kwamba elimu ni nyenzo muhimu ya kuleta maendeleo katika jamii hivyo tutaendelea kushirikiana na wadau kubainisha na kuiwezesha awamu ya pili ya wanafunzi watakaonufaika tukiamini wao ni kizazi kijacho cha viongozi.

Tukiwa benki kubwa inayoongoza nchini, tuliendelea kujielekeza katika kufanikisha miradi mingine ya kijamii, mazingira na uongozi kwenye biashara yetu. Tuliendelea kufanikisha miradi ya utunzaji mazingira. Uendelevu bado ni ajenda kuu ya benki, na tutaendelea kuhakikisha tunafanikisha miradi mingi zaidi.

Tunaendelea kuwekeza zaidi kwa wafanyakazi wetu kupitia mafunzo ili kuwa na mtizamo shirikishi na kila mmoja kuweza kukitumia vyema kipawa chake.

Bodi ya Wakurugenzi

Mwaka 2022 tuliwaaga wajumbe wanne wa Bodi ya wakurugenzi ambao ni Leonard Mususa, George Mulamula, Christine Glover na Theresia Mihayo ambao kila mmoja alikuwa na mchango mkubwa kwa miaka waliyohudumu wakichangia kwa kiasi kikubwa kushauri mema ya kufanya kazi kwa mafanikio ya benki. Napenda kutumia fursa hii kuwashukuru kwa mchango wao muhimu kwa benki kwani wameshiriki kujenga misingi imara ya mafanikio ya benki yetu. Ushauri wao umechangia kukua na kuimarika kwa benki yetu, tunawashukuru sana.

Katika mwaka huo, tuliwakaribisha wajumbe wapya watatu ndani ya Bodi ambao ni Aziz Dach, Ramadhani Mwikalo na Clement Mwinuka walioteuliwa na Bodi kwenye Mkutano Mkuu wa 22 wa Mwaka wa Wanahisa. Bwana Dach anao uzoefu mkubwa kwenye

masuala ya teknolojia hivyo analeta ujuzi wake uliojikita zaidi kwenye ukaguzi wa mifumo, teknolojia, ubunifu na uongozi. Bwana Mwikalo ana uzoefu wa zaidi ya miaka 40 kwenye sekta ya teknolojia na maboresho ya kiteknolojia. Bwana Mwinuka ni msomi mwenye uzoefu katika mambo mengi akiwa na uzoefu wa zaidi ya miaka 30 katika uongozi, udhibiti wa vihatarishi na mikakati. Tunaamini kuwa uzoefu wa wajumbe hawa wapya utaongezea kwenye ule wa wajumbe waliopo kuiwezesha Benki kufanikisha ajenda yake ya maboresho. Tunatarajia kuishauri vyema Benki na Bodi kwa ushirikiano wa wajumbe hawa wapya.

Kadri taasisi inavyokua, wajibu wake pia unaongezeka. Wakati tukitekeleza mipango yetu ya kibiashara, Bodi inatambua haja ya kuiboresha dira ya Benki pamoja na miiko ya kampuni ili kuendana na mipango ya kuwa taasisi muhimu ya fedha nchini. Katika hili, mtizamo wetu unadhihirisha uendelevu na matendo mema ambayo ni misingi yetu. Kwa kuitumia misingi hii, tumeimarisha usimamizi kuhakikisha tunatimiza malengo ya biashara, kukidhi mahitaji ya wateja, jamii na wanahisa wetu.

Gawio

Bodi imeridhia gawio la TZS 286 kwa kila hisa kwa mwaka 2022 litakaloidhinishwa kwenye mkutano mkuu ujao wa mwaka wa wanahisa. Gawio linalopendekezwa kwa kila hisa linaongezeka kwa 48% kutoka TZS 193 lililolipwa mwaka 2021.



Mustakabali Wetu

Tukiwa taasisi inayoongoza Tanzania, Benki ya NMB itaendelea kujikita katika kuchangia maendeleo ya wananchi na taifa kwa ujumla. Mwaka 2022 tulifanikiwa kuipeperusha vyema bendera ya Tanzania. Tukisonga mbele, tunatarajia kuendelea kujipa changamoto wenyewe ili kupata faida kubwa zaidi kwa ajili ya wadau wetu.

Ingawa dunia bado inatatizwa na kusuasua kwa uchumi kutokana na athari za mgogoro wa Urusi na Ukraine, kudorora kwa uchumi na janga la Uviko-19, bado kuna uwezekano wa kufanya vizuri zaidi huko mbele. Benki ya Maendeleo Afrika (AfDB) inakadiria uchumi wa Tanzania utakua kwa 5.6% mwaka 2023 kutokana na kuimarika kwa sekta ya utalii, utekelezaji unaoendelea wa miradi mikubwa ya kimkakati ya Serikali na kufunguliwa kwa uchumi.

Katika mwaka ujao, tunatarajia kuwa biashara yetu itaendelea kuathiriwa kwa ujumla na hali ya mazingira ya uchumi wa kimataifa, pamoja na shinikizo la kiushindani linaloongezeka, hata hivyo, tunaamini kwamba kwa msingi na uzoefu wetu wa kina na wa muda mrefu katika soko hili, tutazidi kupata mafanikio thabiti na endelevu.

Lengo letu bado ni kutoa utendaji thabiti na endelevu, kwa kuendelea kutekeleza mikakati kwa nidhamu na kuwekeza kwa ufanisi katika teknolojia na kuitumia ipasavyo ili kuhakikisha kwamba mteja anakuwa katikati ya shughuli zetu. Ingawa tumepiga hatua nzuri katika mageuzi ya kidijitali, tunakusudia kuendelea kutumia teknolojia muhimu na uvumbuzi ili kuongeza uzoefu wa mteja na kufanya benki iwe rahisi zaidi kwa wateja wetu.



Kuendeleza ajenda ya ustahimilivu bado ni kipaumbele kwa mwaka huu. Mwaka 2023, tunakusudia kuendeleza juhudi zaidi za urejeshaji wa bioanuwai kupitia upandaji wa miti katika maeneo muhimu kote nchini ili kuongeza uthabiti wa mazingira yetu kwa ujumla. Tutashirikiana kwa karibu na wadau wetu, ikiwa ni pamoja na Serikali ya Tanzania, Taasisi za Umma na washirika wetu muhimu katika kampeni ya kupanda miti milioni moja ifikapo mwishoni mwa 2023. Hii, pamoja na maeneo mengine tutakayotilia mkazo mkubwa katika mawanda mapana ya ESG, itaendelea kuwa ajenda muhimu ya kipaumbele mwaka huu kwa lengo la kuimarisha ustahimilivu.

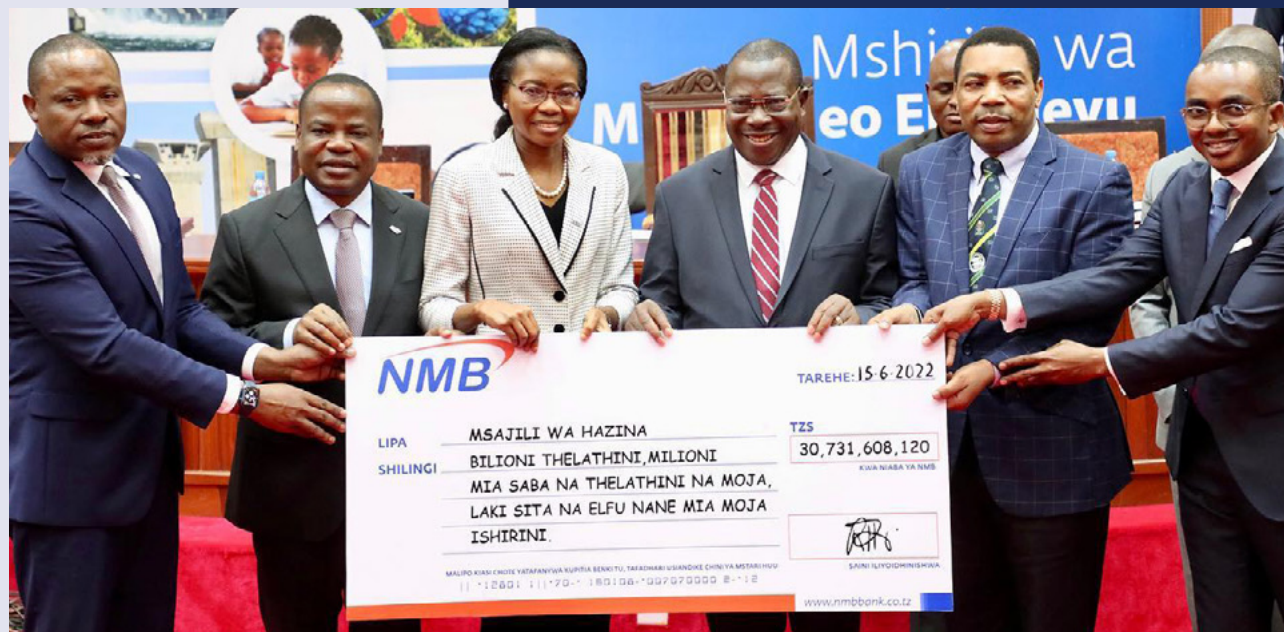
Shukrani

Kwa unyenyekevu mkubwa, natoa shukrani zangu za dhati kwa wanahisa, wateja na washirika wa benki ya NMB kwa msaada wao usioyumba kwa miaka yote iliyopita. Bodi inawashukuru sana wasimamizi, Benki Kuu ya Tanzania kwa mwongozo wao wenye thamani na Serikali ya Jamhuri ya Muungano wa Tanzania kwa mazingira wezeshi ya kibiashara. Pia, nawashukuru Wakurugenzi wenzangu wa Bodi ya NMB kwa utendaji wao thabiti na utekelezaji wa majukumu kwenye Bodi kwa manufaa ya benki na wadau wote.

Shukurani zangu za kipekee zinakwenda kwa Afisa Mtendaji Mkuu, Bi. Ruth Zaipuna na Kamati ya Utendaji kwa jukumu muhimu sana wanalotimiza katika utekelezaji wa mkakati wetu na kuhakikisha kuwa biashara inakwenda vizuri. Matokeo mazuri ya benki yanajionyesha yenyewe.

Kwa wafanyakazi wetu kwenye benki, nawashukuru kwa ufanyaji kazi kwa ari na mchango wenu makini katika kutusaidia kuwa chaguo la kwanza la huduma za kifedha.

Kwa msaada wako, tumekua na kuwa taasisi inayoongoza na endelevu, iliyojengwa kwa viwango bora vya maadili na utawala bora. Tunakusudia kudumisha viwango hivi tunapoendelea zaidi kuelekea kwenye azimio letu la kimkakati kwa ujumla.



Chief Executive Officer's Statement



"2022 was a historic year for the bank. Building on our strength and the remarkable journey we began 25 years ago, NMB Bank posted the best operating results in its history."

Ruth Zaipuna
Chief Executive Officer

A positive dynamism across all the business lines and solid financial and non-financial performances are proof of the uniqueness of our model, our strong risk and governance foundations, and the quality of our strategies. Guided by our Medium-Term Plan and Corporate Purpose, we are steadfast in our outlook that 2023 will be an even greater year for the bank and its stakeholders.

Key Highlights

Record

1.19
TZS trillion

Total Income

Record

429
TZS billion

Profit After Tax

Record

10.2
TZS trillion

Total Assets

Our resilient business model

2022 was not without challenges. The global economy started the year on an upbeat note, recovering from an extraordinary global pandemic, but sentiment suddenly turned amid rising tension between Russia and Ukraine. These two global events (global pandemic and the on-going war) will undoubtedly have a lasting impact on our modern

history. Key learnings from the turbulent and uncertain global environment have shaped the way we think about the future. We will keep an emphasis on sustainable growth; we will continue to prudently invest with a long-term perspective and build diverse income streams; we will maintain a strong focus on risk management and efficiency; and we shall continue to leverage on our core strengths and differentiators.

While the challenges are big, our resolve will always remain stronger. In a challenging global economic landscape, the quality and uniqueness of our business model will continue to sustain our remarkable growth story, with year after year delivery of solid financial and non-financial results attesting to this.

A record performance in 2022

In 2022, we continued our trend of record-setting financial results, sustainable growth across all our businesses, and deepened stakeholder value creation, in line with our corporate purpose. With a record profitability of TZS 429 bn (up 48% Year-on-Year), the bank achieved the best financial performance in its 25-year history. Revenue rose sharply at 21% compared to 2021, building on robust growth in all business lines. As a result of broad-based revenue momentum, for the first time in our history, our Total Income surpassed the TZS 1 trillion mark, closing at TZS 1.2 trillion. Complementing our strong revenue momentum, we were also able to contain costs and risks under control. As a result, we recorded strong efficiency gains, with a Cost-to-Income Ratio (CIR) of 42% trending below both 2021 CIR of 46%, and Regulatory threshold of 55%.

At the end of the year, the Bank had a solid balance sheet, with a strong funding base, a very high-quality loan portfolio and high capital ratios. For the first-time, our Total Assets crossed the TZS 10 trillion mark, closing at TZS 10.2 trillion. Our customer deposits grew 14% YoY to TZS 7.6 trillion, with strong growth across all businesses. We remain well capitalized with Tier I Capital Ratio at 23.07% and Total Capital Ratio at 23.09%. Our asset quality improved significantly with a Non-Performing Loans (NPL) ratio of 3.1%, down from 3.6% in 2021, and well below the regulatory limit of 5%.

Commemorating 25 years of

Remarkable Transformation, Exemplary Service and Operational Excellence

From our humble beginning in 1997, we have successfully transformed into the leading financial services provider in Tanzania. Twenty-five years of dedication and purposeful transformation have resulted in inspiring success for NMB Bank, our clients, and our partners. In 25 years, the bank has grown from a small, microfinance bank to a diversified, fully-fledged financial services organization serving a client base that touches every corner of the vast Tanzania landmass.

Our People and infrastructure continue to be critical to our ongoing success. We have a strong and highly motivated employee base, supported by a vast network of traditional and digital channels, all positioning NMB Bank as the leading financial services provider in the land.

In line with our sustainable growth, the Bank's Tax payment to the Government has consistently grown, and as a result the Bank was recognized by the Tanzania Revenue Authority (TRA) as the Overall winner of the 2022 Taxpayers Awards (Largest and most compliant taxpayer in the country).

NMB Bank PLC has continued to heavily invest in various social impact programmes by setting aside 1% of the bank's profit after tax, every year. In 2022, we spent TZS 2.9 billion towards various social impact initiatives in Education (459 Schools with 68,850 desks impacting over 206,500 students while 720 double decker beds supported 1,440 boarding students. In Health: 42 health facilities with

hospital beds, delivery beds, bedsheets impacting 210,000 people. While on financial Literacy: Our programs (Wajibu, Business clubs, GonaNMB) provided platforms for financial literacy training which imparted key financial knowledge to over 147,630 youth and adults.

Following years of prudent investments, today NMB Bank is the largest, best-performing bank serving the Tanzanian population nationwide. Over the years, the Bank has successfully established a growing reputation of service and operational excellence inside and outside Tanzania. We have grown and diversified our unique set of financial services to offer a product suite, and partner network that are unmatched by any other organization within Tanzania.

A tribute to the stability and uniqueness of our business model and transformative client service, we have grown our customer accounts from 600,000 in 1997 to over 6 million accounts as at the end of December 2022. This is the largest customer base in the land.

Owing to our remarkable transformation, we have also successfully consolidated our profitability market share to over 37% of the total industry profitability.

However, the highlight of our 25th anniversary year, was the slew of local and global accolades we received. During the year, we received 23 awards all naming and affirming NMB's status as the Best, Most Innovative, and Sustainable Bank in Tanzania. From Private banking to SME banking to Agriculture business, we were also recognized as being the best in Tanzania. Across the citations, we earned praise for our continued

digital transformation, and the attendant impact this had on our customers and superior financial performance.

Reflective of our internal commitment for gender equality, and NMB's progress in monitoring, benchmarking, and achieving gender equality, during the year, we made history by becoming the first financial institution in Africa to attain the most coveted Economic Dividends for Gender Equality (EDGE Assess) certification. This recognition further advances our belief that reduction of gender disparities is imperative for sustainable growth and greater resilience.

Further, in line with our sustainability ambition, in 2022 we also issued a debut Social Bond (Gender Issuance) dubbed Jasiri Bond. Following its successful issuance, and listing, the Bond was globally recognized by the SME Finance Forum and IFC as the Platinum Winner of the Sustainable Bond of the Year Category at the 2022 Global SME Finance Forum Awards, held in Phnom Penh, Cambodia. The Award-Winning Jasiri Bond was viewed by a panel of more than 100 Judges as well targeted, well-designed ad fills a space genuinely not served by conventional finance. It excellently aligns with the United Nations' Sustainable Development Goals and the International Capital Market Association's Social Bond Principles.

We are humbled by the achievement of our debut Bond. The initial achievements provide us with greater impetus to accelerate our sustainability and innovation focus. Going forward, we will therefore continue with our commitment to make finance work for economic development and shared prosperity.

Prudently investing in technology-driven innovation

We have been investing to increase automation of our back-end systems to drive down transaction costs and to improve service quality and resilience. As a result, our operations cost/income ratio has declined consistently, whilst staff productivity has risen.

Looking to the future, our focus will be:

- To keep innovating, to offer our clients and customers new and better solutions.
- To optimize costs and reinforce risk management.
- To embrace technology-driven innovation through further investments
- We will also be investing in underlying data management systems and analytical capabilities. This is critical for seamless management of client relationships and vital for risk management.

Strategic Focus & Milestones

Achieving record performances in 2022, the Bank reaped the benefits of the solid strategic actions put in place over the past few years through our Medium-Term Plan 2021-2025.

In 2022, we also made progress on the roll-out of our major strategic projects, with ambitious objectives across all our business lines and a constant and rigorous focus on execution. We are committed to disciplined execution of our Medium-Term Plan 2025.

Advancing Financial Inclusion Through Digital Innovation

On the digital front, leveraging on our strong digital capabilities, we aim to bring about a significant shift in the way we do banking and further deepen our commitment towards financial inclusion. Innovation is therefore critical to our goal of bringing the power of banking to millions of people across Tanzania.

During the year, we continued to excel in financial innovation by enhancing our digital value propositions to cater for the needs of and empower our customers. In April 2022, we launched Teleza Kidijitali – an awareness raising campaign aimed at accelerating financial inclusion across the country through digital financial products and services – in which we introduced several pioneering digital solutions to the market.

We launched the mobile lending solution, "Mshiko Fasta", which enables customers to access loans with a few clicks on their mobile phone devices via the NMB Mkononi (mobile banking platform). Customers are able to access loans ranging from TZS 1,000 – TZS 500,000 to be paid within up to 28 days.

In line with our commitment towards widening accessibility to financial services, we enhanced our agency banking model through a revamped "NMB Pesa Wakala". The enhanced agency banking model enables customers and agents to access financial services, including withdrawal and deposit services, through their mobile phone devices (agents do not necessarily need POS). The revamped model improves overall customer convenience while easing the process of on-



boarding new agents. During the year, the total agents base recorded significant growth, nearly doubling to 19,870 agents as of end of 2022, up from 10,194 agents in 2021, reflecting good progress post launch of the revamped model.

We sustained efforts around deepening digital inclusion through widening digital payments services. During the year, we launched “Lipa Mkononi”, a payments solution which enables customer to either scan QR codes or enter reference numbers to make payments through their mobile phone (via NMB Mkononi). Merchants can also accept payments via mobile phone applications. Our total QR code base continues to grow well, increasing by 152% in 2022.

Technology presents an opportunity for us to do things in a cost-effective way by channeling resources towards areas of the business that need it. We continue to see good progress in deepening digital inclusion and adoption of digital channels, with 94% of all customer transactions (by volume) taking place on digital channels. We remain committed towards advancing our digital agenda and will continue to optimize investments in technology to innovate and

improve the way we serve our customers, the speed of delivery, and the quality of our solutions, to support to widen financial inclusion in Tanzania.

In preparing NMB as a future-ready organization, we are launching new strategic projects geared towards transforming NMB Bank into the bank for the future. 2023 will be a pivotal year in their execution, as they sharpen our business model to build ‘a Future-Proof Bank’ which is well positioned to navigate through challenges, whilst leveraging on emerging opportunities.

Outlook

Delivering our Strategic Plans in 2023 and Beyond

As we begin 2023 and beyond, the very prudent and responsible management of the risks and uncertainties, the bank will remain ever so focused on executing its key strategic initiatives and determined to capitalize on the resilience of our business model. We will also leverage on the quality of our workforce as we continue to put our corporate purpose in action and build together, with our stakeholders, a better and sustainable future.

We are confident that we will continue to deliver long-term profitability, further improve our operational efficiency through the optimal use of technological drivers and strengthen our risk and governance foundations. We are also aiming at a sustainable growth that will have a positive environmental and social impact and creates shared value and prosperity for all our stakeholders.



Appreciation

In conclusion, we remain well positioned for the future, and maintain focus on progressing towards our ambitions to grow, remain successful, and well regarded by our stakeholders.

I would like to express my gratitude to our Board, shareholders, our regulators, the Government of the United Republic of Tanzania, our customers, and staff and thank them for their ongoing commitment and continued trust on this organization.

Taarifa ya Afisa Mtendaji Mkuu



“Mwaka 2022 ulikuwa wa kihistoria kwa Benki. Tukiendelea kujiimarisha katika safari yetu tuliyoianza miaka 25 iliyopita, Benki ya NMB ilipata faida kubwa ya kihistoria.”

Ruth Zaipuna
Afisa Mtendaji Mkuu

Ufanisi uliodhihirika katika taarifa za fedha na kuimarika kwa matokeo mengine yasiyo ya kifedha ni uthibitisho wa mfumo wa aina yake tunaoutumia kuendesha biashara yetu, misingi imara ya kukabiliana na vihatarishi vya biashara na ubora wa mikakati yetu. Tukiongozwa na Mpango Mkakati wetu wa muda wa kati pamoja na malengo tuliyojiwekea, tunaamini kwamba mwaka 2023 utakuwa mwaka mwingine wa aina yake kwa benki na wadau wake.

Vidokezo Muhimu

Rekodi

TZS trilion
1.19

Jumla ya Mapato

Mfumo Makini wa Biashara

Mwaka 2022 haukukosa changamoto. Ulianza kwa uchumi unao imarika baada ya athari za janga la UVIKO-19, ila mambo yakabadilika baadaye ilipoibuka mgogoro kati ya Urusi na Ukraine. Matukio haya mawili (yaani janga la UVIKO-19 na mgogoro baina ya Urusi na Ukraine unaoendelea mpaka sasa) yataendelea kuwa na

Rekodi

TZS bilioni
429

Faida Baada ya Kodi

athari katika historia yetu. Uzoefu tulioupata kutokana na changamoto hizo umebadili mtizamo na fikra zetu za namna ya kufanya biashara na jinsi tunavyoitizama kesho. Tutaendelea kulisitiza ukuaji endelevu, tutawekeza kwa umakini kwa mtizamo wa muda mrefu tukilenga kuwa na vyanzo vingi vya mapato, tutakuwa macho kukabiliana na hatari zinazojitokeza na zinazoweza kujitokeza na tutaendelea

Rekodi

TZS trilion
10.2

Thamani ya Mali

kulinda uwezo wetu unaotufanya tuwe na ufanisi mkubwa sokoni unaotutofautisha na wengine.

Licha ya changamoto zilizopo, ustahimilivu wetu utaendelea kuimarika. Katika ulimwengu wenye changamoto nyingi za kiuchumi, utofauti wetu na mfumo thabiti wa biashara utatuhakikishia kukua sokoni na kupata faida nzuri kila mwaka na matokeo mengine chanya kwenye maeneo mengine yasiyo ya kifedha.

Rekodi ya utendaji 2022

Mwaka 2022 tuliendeleza utamaduni wetu wa kupata faida kubwa, kukua katika idara zetu zote za biashara na kuongeza thamani kwa wanahisa, pamoja na kutimiza malengo yetu ya kiutendaji. Kwa kuwa na faida kubwa kiasi cha TZS 429 bilioni (ambayo ni sawa na ongezeko la 48% kwa mwaka), Benki ilipata mafanikio makubwa zaidi katika historia ya miaka 25 tangu kuanzishwa kwake. Mapato yaliongezeka kwa 21% ikilinganishwa na hali ilivyokuwa mwaka 2021 kutokana na kukua na kuimarika kwa idara zetu zote. Kutokana na kuimarika kwa idara hizo, mapato yetu yalivunja rekodi kwa mara ya kwanza kuvuka ukomo wa TZS 1 trilioni kwa kufikisha TZS 1.2 trilioni. Sambamba na kuimarisha mapato yetu, tulikuwa makini katika matumizi tukiyadhibiti kwa kiasi kikubwa pamoja na kuwa makini dhidi ya vihatarishi vinavyoweza kuisababishia Benki hasara. Hatua hizo zote zilitusaidia kuongeza ufanisi kiasi cha kwamba uwiano wa gharama na mapato yalipungua na kufikia 42% ukilinganishwa na 46% ya mwaka 2021 na kuendelea kubaki chini ya uwiano unaopendekezwa kisheria wa 55%.

Mpaka mwisho wa mwaka, Benki ilikuwa na mizania imara, yenye mtaji wa kutosha, mikopo salama na uwiano mzuri wa mtaji. Kwa mara ya kwanza katika historia yetu, thamani ya mali zetu ilivuka TZS 10 trilioni ikifika TZS 10.2 trilioni. Amana za wateja zilipanda kwa 14% na kufika TZS 7.6 trilioni zikiongezeka kwenye maeneo yote. Tunao mtaji wa kutosha huku uwiano wa mtaji wa msingi ukiwa 23.07% na uwiano wa jumla ya mtaji ukiwa 23.09%. Mikopo tuliyoitoa iliimarika na kuwa bora zaidi kwani uwiano wa mikopo isiyolipika ulishuka mpaka 3.1% kutoka 3.6% za mwaka 2021, na kuendelea kuwa chini ya 5% inayopendekezwa kisheria.

Kusherehekea Miaka 25 ya Mabadiliko Makubwa, Huduma Bora na Utendaji Makini

Tangu benki ilipoanzishwa mwaka 1997, tumeimarika na kuwa taasisi bora zaidi ya kifedha nchini. Miaka 25 ya kujitoa na kujituma kufanikisha malengo yetu imethibitisha juhudi za kila mmoja kwenye mafanikio ya Benki ya NMB, kutatua kero za wateja na kukidhi matarajio ya wabia wetu. Katika miaka hii 25, NMB imekua kutoka Benki ndogo, taasisi ndogo ya fedha, mpaka kuwa benki kamili ya biashara yenye wateja katika kila kona ya nchi.

Wafanyakazi wetu pamoja na miundombinu yetu iko vizuri kama ilivyo historia yetu. Tunao wafanyakazi wenye weledi na ari ya kufanya kazi kutoa huduma kwa njia za kawaida au zile za kidijitali, ili tu kuifanya Benki ya NMB kuwa taasisi ya fedha inayoongoza nchini.

Sambamba na kukua kwetu, hata ulipaji kodi wa Benki serikalini umekuwa ukipanda kila mwaka na kuifanya Mamlaka ya Mapato Tanzania (TRA) kuitangaza Benki ya NMB kama mlipaji kodi mkubwa kwa mwaka 2022 na kuitunukia tuzo.

Benki ya NMB imeendelea kuwekeza kwenye miradi mbalimbali inayoigusa jamii kwa kutenga 1% ya faida baada ya kodi inayopata, kila mwaka. Kwa mwaka 2022, tulitumia zaidi ya TZS 2.9 bilioni kufanikisha miradi ya kijamii. Katika sekta ya elimu (shule 459 zilipokea madawati 68,850 na kuwanufaisha wanafunzi 206,500 huku vitanda ngazi ‘double decker beds,’ 720 vikiwafaa wanafunzi 1,440 wa bweni. Kwenye afya, vituo 42 vilinufaika kwa vitanda, vitanda vya wajawazito, na mashuka hivyo kuwanufaisha wagonjwa 210,000. Kwenye elimu ya

fedha, programu zetu (Wajibu, Klabu za Biashara, GonaNMB) zilikuwa majukwaa muhimu ya kufundishia na kuwafaidisha washiriki 147,630 wakiwamo vijana na watu wazima.

Baada ya miaka kadhaa ya kuwekeza kwa umakini, leo hii NMB ni benki kubwa, yenye ufanisi mkubwa zaidi ikiwahudumia Watanzania nchini kote. Kwa miaka mingi, Benki imejijengea heshima ya kutoa huduma bora ndani na nje ya Tanzania. Tumekua na kubuni huduma bora na kuingia ubia makini usioliganishwa na taasisi nyingine yoyote Tanzania.

Kudhihirisha ukuaji wetu sokoni ni ukweli kwamba wakati tunaanza mwaka 1997 tulikuwa na akaunti 600,000 tu lakini hadi kufikia Desemba 2022 imekuwa na akaunti zaidi ya milioni 6. Hii ni idadi kubwa zaidi ya wateja kwa benki nchini.

Mabadiliko na maboresho tuliyoyafanya yameimarisha faida tunayopata kila mwaka na kutufanya tumiliki 37% ya faida yote inayopatikana kwenye sekta ya fedha nchini.

Wakati tumefikisha miaka 25 ya kuanzishwa kwetu, tumepata tuzo 23 za kitaifa na kimataifa zilizoitaja na kuithibitisha benki ya NMB kuwa bora, bunifu zaidi na endelevu nchini Tanzania. Kuanzia kwenye huduma binafsi mpaka kuhudumia biashara ndogo na za kati hata kukuza kilimo biashara, kote huko tulithibitika kuwa bora kwa Tanzania. Katika tuzo zote, tulisifiwa kwa jitihada zetu katika kutoa huduma za kidijitali na kuthibitisha manufaa yaliyoletwa na uwekezaji huo kwa wateja wetu na faida ambayo Benki imeipata.

Katika usawa wa kijinsia, Benki ya NMB iliendelea kuratibu

na kufuatilia na mwaka 2022 tukawa taasisi ya kwanza ya fedha barani Afrika kutambuliwa kwa kutekeleza “Economic Dividends for Gender Equality (EDGE Assess).” Tuzo hii nayo imetuongezea imani ya kupunguza tofauti ya kijinsia kwa maendeleo endelevu na mafanikio makubwa zaidi.

Katika malengo yetu ya kuwa endelevu, kwa mwaka 2022 tulizindua na kuuza hati fungani yetu iliyojulikana kama Jasiri Bond. Baada ya kusajiliwa sokoni, hati fungani hii iliwavutia wawekezaji na kutambuliwa na SME Finance Forum na IFC hivyo kushinda tuzo katika kipengele cha hati fungani endelevu kwa mwaka 2022 zilizotolewa na Global SME Finance Forum Awards, katika hafla zilizofanyika jijini Phnom Penh, Cambodia. Mpaka inashinda tuzo hiyo, Jasiri Bond ilifanyiwa tathmini na zaidi ya majaji 100. Hati fungani hii ilikidhi vigezo vya Maendeleo Endelevu ya Umoja wa Mataifa pamoja na Kanuni za Shirikisho la Msoko ya Hisa na Mitaji Duniani.

Tunajivunia mafanikio tuliyoyapata kwenye mchakato wa mauzo ya hati fungani yetu. Mafanikio haya ya mwanzo yanatutia hamasa ya kuendeleza ubunifu. Tukitizama mbele, tunatarajia kuhakikisha fedha zinafanya kazi ya kuliletea Taifa maendeleo jumuishi kwa wote.

Kuwekeza kwa Umakini Kwenye Teknolojia-kwa Kutegemea Ubunifu

Tumekuwa tukiwekeza kuhakikisha utendaji wetu unafanyika kidijitali na huduma kumfikia mteja kielektroniki ili kupunguza gharama za uendeshaji na kuboresha huduma zetu kwa ujumla.

Mafanikio tuliyoyapata kutokana na hatua hizo ni kupungua kwa uwiano wa gharama na mapato huku tija ya wafanyakazi ikipanda.

Hapo baadaye tunatarajia mwelekeo wetu utajikita katika:

- Kuendelea kubuni, kuwapa wateja wetu huduma mpya na bora zaidi.
- Kukuza ufanisi na kudhibiti vihatarishi.
- Kuhamasisha ubunifu wa kiteknolojia kwa kuwekeza zaidi.
- Tutawekeza zaidi kwenye mifumo ya takwimu na kuimarisha uwezo wetu wa kuzichakata. Hili ni muhimu katika kuboresha menejimenti na kudhibiti vihatarishi.

Mipango ya Kimkakati na Mafanikio

Ufanisi mkubwa tulioupata mwaka 2022 ni matunda ambayo Benki inayavuna kutokana na uamuzi wa kimkakati ilioufanya miaka kadhaa iliyopita wakati inatekeleza Mpango wa Muda wa Kati wa mwaka 2021-2025.

Mwaka 2022, tulipiga hatua kwa kuzindua miradi yetu ya kimkakati tukiwa na malengo mahsusi katika idara zote sambamba na mipango makini ya kuitekeleza. Tumeweka nidhamu ya hali ya juu katika kutekeleza Mpango wa Muda wa Kati wa mwaka 2025.

Kuendeleza Ujumuishaji Kwenye Huduma za Fedha Kupitia Ubunifu wa Kidijitali

Kidijitali, tunakusudia kuwekeza zaidi kwenye maeneo ambako tuna uwezo mkubwa ili kuimarisha namna tunavyotoa

hudumaza kibenki kisha kujielekeza kuongeza ujumuishaji wa wananchi kwenye huduma za fedha. Hivyo basi, ubunifu ndio nguzo muhimu ya kufanikisha lengo hilo la kuwajumuisha mamilioni ya wananchi kutoka kila pembe ya Tanzania kwenye huduma za benki.

Mwaka 2022, tuliendelea kuwa mbele katika ubunifu wa kufikisha huduma na elimu kwa wananchi tukiyatumia majukwaa ya kidijitali kufikisha huduma kwa wateja wetu. Aprili 2022 tulizindua Teleza Kidijitali – kampeni iliyolenga kusukuma kasi ya utoaji wa elimu ya fedha kwa wananchi kote nchini kupitia bidhaa na huduma za kidijitali – hivyo tukazindua huduma kadhaa tulizozitambulisha sokoni.

Tulizindua mikopo ya kidijitali ijulikanayo kama “Mshiko Fasta” inayowawezesha wateja kupata mkopo baada ya kubofya vitufe kadhaa kwenye simu zao za mkononi kupitia programu ya NMB Mkononi. Wateja wanaweza kukopa kuanzia TZS 1,000 mpaka TZS 500,000 na kulipa ndani ya siku 28.

Sambamba na urahisi wa kufikisha huduma za kidijitali kwa wateja wetu, tuliimarisha huduma yetu ya uwakala kupitia ‘NMB Pesa Wakala.’ Mfumo huu ulioboreshwa wa uwakala, unawaruhusu wateja na mawakala wenyewe kutumia simu zao za mkononi, kupata huduma ikiwamo kutoa au kuweka fedha bila kumlazimu wakala kuwa na mashine ya huduma (POS). Mfumo huu ulioboreshwa unakidhi mahitaji ya wateja huku ukirahisisha usajili wa mawakala wapya. Mwaka 2022, idadi ya mawakala iliongezeka kwa takriban mara mbili na kufika 19,870 mwishoni mwa mwaka 2022 kutoka 10,194 waliokuwapo mwaka 2021 hali inayodhihirisha mafanikio



yaliyopatikana baada ya kuzinduliwa kwa mfumo mpya ulioboreshwa.

Tuliendelea kuimarisha ujumuishaji wananchi kidijitali kwa kuzindua huduma za malipo kielektroniki. Tulizindua huduma ya “Lipa Mkononi” inayomruhusu mteja ama kuskani msimbo wa QR au kuingiza namba ya kumbukumbu kukamilisha malipo kwa kutumia simu yake ya mkononi (kupitia programu ya NMB Mkononi). Wafanyabiashara sasa wanaweza kupokea malipo kwa simu za mkononi. Wateja wetu wanaotumia mfumo wa msimbo wa QR wanazidi kuongezeka wakipanda kwa wastani wa 152% mwaka 2022.

Teknolojia inatoa fursa ya biashara kwetu kwa kuturuhusu kufanikisha mambo yetu kwa gharama ndogo hivyo kuelekeza zinahitajika zaidi. Tunaendelea kuyaona matokeo chanya katika ujumuishaji wananchi kupitia teknolojia na matumizi ya majukwaa yake kwani 94% ya idadi ya miamala yote inayofanyika katika Benki hii inapitia kwenye majukwaa ya kidijitali. Tutaendelea kuwekeza na kuhamasisha ajenda yetu ya kutoa huduma za kidijitali hivyo kuwekeza zaidi kwenye teknolojia ili kubuni na kuboresha namna tunavyowahudumia wateja

wetu, upatikanaji wa uhakika wa huduma na ubora wa huduma husika ili kusaidia kufanikisha malengo ya kuwajumuisha wananchi wa Tanzania.

Ili kuwa na Benki imara hapo baadaye, tutazindua mikakati mingine inayokusudia kuibadili Benki ya NMB ili iwe ya kizazi kijacho. Mwaka 2023 utakuwa muhimu katika kuutekeleza mpango huo ukilenga kuifanya Benki yetu iwe ‘Benki ya Uhakika ya Baadaye’ ikiwa tayari kuvikabili vizingiti vyote vitakavyojitokeza huku ikizitumia fursa zitakazokuwapo.

Matarajio

Kutekeleza Mpango Mkakati mwaka 2023 na Kuendelea

Tunapouanza mwaka 2023 na kuendelea, jukumu kubwa la menejimenti ni kuendelea kukabiliana na vihatarishi vinavyojitokeza pamoja na changamoto za soko huku Benki ikijikita zaidi kutekeleza mikakati kwa kutumia mbinu bora za kipekee za kuendesha biashara. Tutawatumia wafanyakazi wetu mahiri tukiendelea kuweka mpango wetu katika utekelezaji hivyo kujenga pamoja na wadau wetu, kesho yenye uhakika zaidi.

Tunao uhakika kwamba tunaweka mazingira ya kuendelea kupata faida kwa siku zijazo, kuimarisha zaidi ufanisi wa utendaji wetu kwa kuzitumia fursa za kiteknolojia na kukuza uwezo wetu wa kukabiliana na vihatarishi au changamoto zinazojitokeza. Vilevile, tunalenga kuwa na ukuaji endelevu utakaokuwa na mchango chanya wa kimazingira na kijamii na kuwanufaisha watu wote.

Shukrani

Kwa kuhitimisha, tupo imara kukabiliana na changamoto na kuzitumia fursa zitakazojitokeza hapo baadaye huku tukiwa na malengo ya kukua, kuendelea mafanikio tuliyoyapata.

Napenda kutoa shukrani zangu za dhati kwa Bodi yetu, wanahisa, mamlaka za usimamizi, Serikali ya Jamhuri ya Muungano wa Tanzania, wateja wetu na wafanyakazi wote kwa kujitoa kwao na Imani yao juu yetu.

Chief Financial Officer's Statement



“Another record year, with disciplined strategy execution consistently delivering strong profitability and sustained business growth.”

Juma Kimori
Chief Financial Officer

2022 marked a milestone year for NMB Bank, where the Bank achieved the best financial results in its 25-year history.

We responded to the external headwinds by solidifying our balance sheet, further enhanced our credit risk management, and continued to optimally invest in technology to unlock efficiencies, improve the customer experience, and drive business growth.

The Bank continues to be in a strong position to seize the opportunities arising and withstand significant potential impacts that may arise in the road ahead. We continue to strengthen our fundamentals to ensure strong earnings capacity moving forward and remain committed to delivering strong value creation to our customers and solid returns to our shareholders.

Key Financial Highlights

1.188
TZS trillion

Total Revenue
(2021: TZS 982 bln)

612
TZS billion

Profit Before Tax
(2021: TZS 414 bln)

3%

Non-Performing Loans (NPL) Ratio (2021: 4%)

863

TZS Earnings per shares
(2021: TZS 584)

25%

Return on Equity
(2021: 21%)

23.07%

Tier One Capital Ratio
(2021: 23.8%)

42%

Cost to Income Ratio
(2021: 46%)

23.09%

Total Capital Ratio
(2021: 24.6%)



Performance Highlights

Another Record Year. Delivered best results in Bank's history.

The Bank delivered yet another record performance in 2022, as net profit increased by 48% to TZS 429 billion from TZS 290 billion in the previous year. Return on equity rose

to 25% from 21% in 2021, while maintaining strong capital positions. We continued to improve shareholder returns, with Earnings Per Share (EPS) increasing by 48% to TZS 863 in 2022 compared to TZS 580 in 2021.

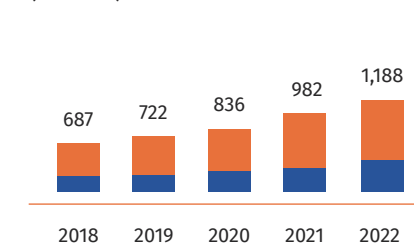
The performance was largely on account of solid growth in total income arising from steady growth in loans & advances and

increased customer activities, well-controlled costs with further efficiency gains, and improved loan portfolio quality (reduced impairment Charge). We continue to lay emphasis on all key financial lines to ensure we continue to grow and deliver better returns to our shareholders.

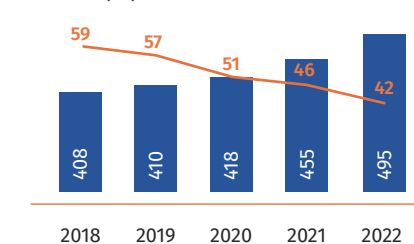
Income Statement Analysis

Bank Profit and Loss Summary (TZS million)	2018	2019	2020	2021	2022	Change (%)
Net interest income	492,023	517,641	565,655	676,215	786,349	16
Net fees and commission income	166,282	169,153	223,416	248,541	324,929	31
Foreign exchange, trade and other income	29,594	35,256	44,879	57,326	77,228	35
Operating income before impairment	687,899	722,050	833,950	982,082	1,188,506	21
Total Impairment charge	(137,305)	(100,410)	(119,312)	(113,129)	(81,180)	28
Operating income after impairment	550,594	621,640	714,638	868,953	1,107,326	27
Operating expenses	(408,953)	(410,552)	(418,895)	(455,066)	(495,715)	(9)
Profit before tax	141,641	211,088	295,743	413,887	611,611	48
Income tax expense	(43,978)	(68,921)	(89,941)	(123,701)	(182,235)	(47)
Profit for the year	97,663	142,167	205,802	290,186	429,376	48
Return on equity (%)	11	15	18	21	25	
Return on assets (%)	2	2	3	3	4	
Cost to income ratio (%)	59	57	51	46	42	
Non-interest income to gross income (%)	28	28	31	32	34	
Earnings per share (TZS)	195	284	412	584	863	
Dividend per share (TZS)	66	96	137	193	286	

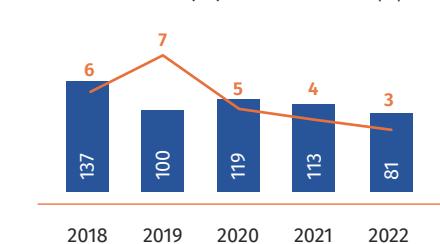
Total Revenue (TZS bln)
■ Non-funded Income
■ Net-interest Income



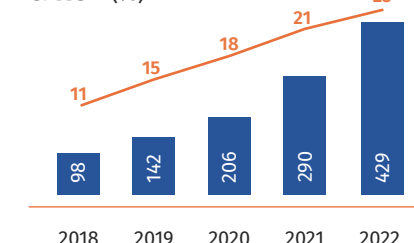
OPEX (TZS bln) & CIR (%)
■ OPEX — CIR (%)



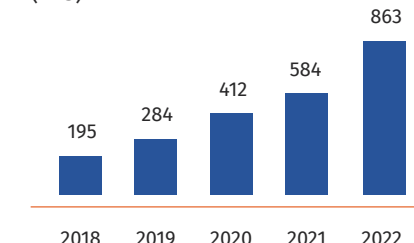
Impairment (TZS bln) & NPL Ratio (%)
■ Impairment — NPL (%)



PAT (TZS bln) & ROE (%)
■ PAT — ROE (%)



Earnings Per Share (TZS)



Record Revenue Performance

The Bank recorded strong growth in total revenue which closed at TZS 1.188 trillion in 2022, up 21% YoY, and surpassing the TZS 1 trillion mark for the first time in the bank's history. The solid revenue growth was on the back of a challenging broader operating environment impacted by the Russia-Ukraine crisis and residual effects of the COVID-19 pandemic.

Revenue performance is attributed to strong growth in net-interest income (NII), which increased by 16% YoY to TZS 786 billion, and sustained growth momentum in non-funded Income (NFI), which rose by 31% to TZS 402 billion. Our revenue sources remained well diversified, with NII and NFI accounting for 66% and 34% of total revenue, respectively.

NII increased by 16% YoY to TZS 786 billion, with strong interest income growth offsetting the increase in interest expense. Interest income grew by 17% YoY to 954 billion, attributed

to continued strong loans velocity and strategic investments in Government securities. Interest expense closed at TZS 167 billion in 2022, up 20% YoY, overall reflective of intensifying operating environment dynamics. We maintained close watch on the overall operating environment and remained focused on executing key measures to ensure an overall healthy funding base to support the bank's strategic ambitions.

NFI increased by 31% YoY driven by increased net fees and commission income due to higher loan volumes, growth in foreign exchange (FX) income, and increased customer interactions on the bank's digital channels, including cards, mobile banking, and agency banking.

Continued progress on cost-optimization

Cost-to-Income Ratio (CIR) decreased to 42%

Disciplined implementation of cost-optimization measures continues to yield improved efficiencies. Our CIR further decreased to 42% in 2022 from 46% in 2021, well within the regulatory threshold of 55%, with the further efficiency gains reflective of continued focus and strong efforts to drive diligent cost management across the Bank. Continued digitalization is also yielding further cost improvements and improved operational efficiencies.

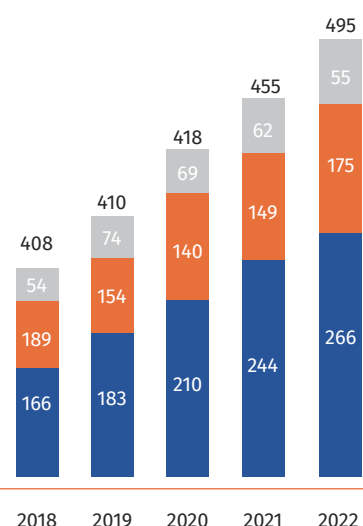
We maintained cost growth below the level of income growth. The Bank's total operating expenses stood at TZS 496 billion in 2022, representing a 9% year-on-year growth against 21% growth in revenue, largely attributed to increased staff benefits, reflecting the Bank's strong commitment towards ensuring a highly

engaged workforce, which offset decreases in property and office expenses.

The Bank continues to emphasize a disciplined approach to

Operating Expenses (TZS bln)

■ Depreciation & amortization
■ Other operating expenses
■ Employee benefits expense



spending, whilst maintaining focus on further process automation and driving optimal investments in new digital capabilities to widen digital inclusion, drive operational efficiencies, and further boost productivity. We remain on course with our medium-term goal of improving operational efficiency and maintaining a low cost-to-income ratio.

Strengthened credit risk management

Impairment charge decreasing. Improving NPL ratio.

The Bank's overall asset quality continued to be healthy. Strengthened credit risk management processes delivered improved overall loan portfolio quality during the year, with impairment charge and NPL ratio improving YoY.

Impairment charge decreased to TZS 81 billion in 2022, better than previous year by 28%, with continued good progress on bolstering credit risk management through enhanced underwriting and improving efficiencies on the collections and recoveries front.

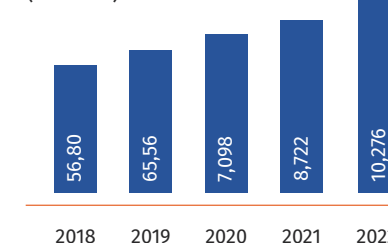
The Bank's Non-performing loans (NPL) ratio further improved to 3% in 2022, within the 5% regulatory threshold and lower than the 4% which was recorded in 2021. We maintained a low cost-of-risk at 1.2% in 2022, with our NPL coverage ratio improving to 109% in 2022 from 108% in 2021, reflecting continued prudence and adequacy in provisioning.

Improving overall portfolio quality remains a key agenda for the bank. We continue to closely engage our clients and remain focused on driving continuous improvements in portfolio quality, in line with overall strategic ambitions.

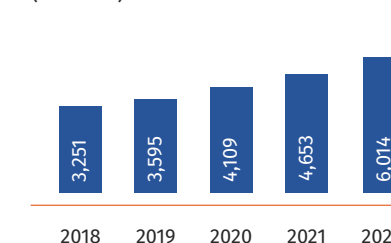
Balance Sheet Analysis

Bank Balance Sheet Summary as of 31st December 2022 (TZS million)	2018	2019	2020	2021	2022	Change (%)
Cash and balances with BoT	1,070,422	1,341,140	1,047,488	1,484,029	1,551,341	5%
Placements and balances with other banks	174,391	264,326	170,829	337,255	186,941	(45%)
Investment in Government Securities	740,185	761,554	1,304,253	1,739,280	1,944,032	12%
Net Loans and Advances	3,251,794	3,595,688	4,109,362	4,653,933	6,014,603	29%
Other Assets	444,192	593,307	466,165	507,834	579,773	14%
Total Assets	5,680,984	6,556,015	7,098,097	8,722,331	10,276,690	18%
Deposits due to other banks	20,770	33,446	131,224	408	12,445	2,950%
Deposits from customers	4,327,607	4,922,278	5,325,455	6,664,263	7,600,147	14%
Other Liabilities	469,553	627,902	511,484	298,676	979,537	228%
Total Liabilities	4,817,930	5,583,626	5,968,163	7,370,939	8,592,129	17%
Total Equity	863,054	972,389	1,129,934	1,351,392	1,684,561	25%
Total Equity and Liabilities	5,680,984	6,556,015	7,098,097	8,722,331	10,276,690	18%
NPL Ratio (%)	6	7	5	4	3	
Gross Loans and Advances to Deposits (%)	78	73	78	73	82	
Earning Assets to Total Assets (%)	73	71	79	77	80	
Core Capital Ratio (%)	17	17.1	19.3	23.8	23.07	
Total Capital Ratio (%)	19	18.5	20.6	24.6	23.09	
Risk Weighted Assets	4,321,532	4,988,790	5,310,036	5,209,540	6,709,432	

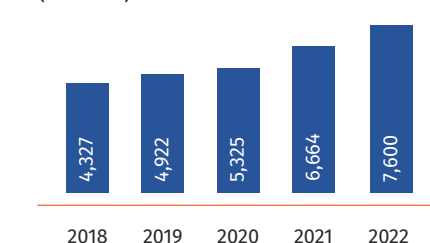
Total Assets (TZS bln)



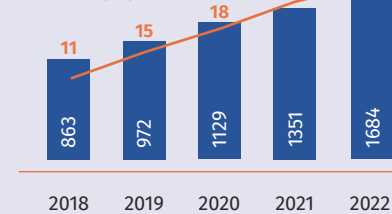
Loans & Advances (TZS bln)



Customer Deposits (TZS bln)



Shareholders' Funds (TZS bln) & ROE (%)



The Bank maintained focus on solidifying its strong balance sheet, which remains diversified, robust, and well positioned for further growth. The balance sheet sustained its steady growth momentum, closing at TZS 10.2 trillion in total assets as of end of December 2022, up 18% YoY and crossing the TZS 10 trillion mark for the first time in the Bank's history. We continue with our focus on balance sheet optimization, yielding RoE of 25%, RoI of 4% and improved earning assets ratio at 80%.

Strong, Broad-based Loan Growth Momentum Sustained

Strong business momentum was sustained over the course of the year, which supported healthy buildup of strong lending pipelines across key business segments. Despite broader challenges in the operating environment stemming from the Russia-Ukraine conflict as well as the residual effects of the COVID-19 pandemic and related lockdowns in China, we continued to see strong demand for credit with good growth in loan volumes during the year.

The bank reported a solid 29% growth in net loans to close at TZS 6.015 trillion in 2022 compared to 4.654 trillion in the previous year. The growth was broad-based, with strong momentum sustained in all business segments as we continued to support our clients'

financing requirements across SME (up 18% YoY), Agri (up 137% YoY), Corporate (up 31% YoY), and Personal (up 26% YoY) segments. Off-balance sheet performance was also strong during the year, closing at TZS 1.7 trillion in 2022, up 72% YoY. We continue to closely engage our clients to understand their needs and ensure relevance of our asset product offerings to meet their demands. We remain focused on deepening engagements with our clients for healthy buildup of the asset book, including further leveraging ecosystem banking to reach the wider customer population.

We maintained our market share of loans and advances at 23% consistent with 2021.

Solid Customer Deposits Growth

Customer deposits grew by 14% YoY to TZS 7.6 trillion in 2022 compared to TZS 6.664 trillion in 2021, with strong deposits growth across business segments. Deposits growth reflects good continued good traction on the execution of key deposits growth strategies, as we utilized our product capabilities and re-focused our service offerings to drive differentiated propositions to our customers. Customer Deposits growth was supported by solid increase in CASA, which continues to be the core of the customer deposit base, comprising over 80% of our deposits base.

Our loans-to-deposits ratio (LDR) increased to 82% as of end of December 2022, overall reflective of broader market dynamics. We continue to closely monitor the overall LDR and liquidity trends and remain focused on implementing key measures to maintain the positions at healthy levels.

Driving deposits growth remains a key area of focus to ensure we maintain an overall healthy funding base. We will continue to strengthen our customer relationship management and enhance our product and service offerings to drive a differentiated customer experience, including on-going investments to boost our digital capabilities from which we expect to continue reaping strong benefits in line with our strategic ambitions.

Despite overall intensifying market dynamics, including increased competition, we grew our market share on customer deposits to 25% in 2022 (2021: 24%).

Sound Capital Management

Well positioned for future growth.

Our capital ratios remain very strong, with sufficient headroom above the regulatory requirements. We closed the year with tier one capital ratio at 23.07% and total capital ratio at 23.09% against the regulatory limits of 12.5% and 14.5%, respectively. We remain well positioned to support future growth and expansion in line with our strategy.



Looking Ahead

The Bank's record 2022 financial results reflect the good progress we continue to make in the execution of the strategic plan.

Looking ahead, we remain optimistic in 2023 as we look towards unlocking further opportunities to drive strong value creation for our customers and deliver strong returns to shareholders.

Taarifa ya Afisa Mkuu wa Fedha



"Mwaka mwingine wa kumbukumbu maridhawa wa utekelezaji endelevu wa mpango mkakati wetu ulioipa benki faida ya uhakika na kukuza biashara."

Juma Kimori
Afisa Mkuu wa Fedha

Mwaka 2022 umeweka historia ya mafanikio kwa Benki ya NMB kwani ilishuhudia ufanisi mkubwa katika kipindi chote cha miaka 25 tangu kuanzishwa kwake.

Tulikabiliana na hatari sambamba na kuimarisha mizania yetu, kuboresha jinsi ya kushughulikia vihatarishi na tukiendelea kuwekeza kwenye teknolojia ili kuongeza ufanisi, kuboresha huduma zetu kwa wateja na kukidhi matarajio yao huku tukikuza biashara.

Benki bado ipo kwenye nafasi nzuri ya kuzitumia fursa zinazojitokeza na kuzikabili athari za kibiashara wakati wowote hapo baadaye. Tunaendelea kuimarisha misingi yetu ili kuhakikisha Benki inaingiza mapato ya kutosha na inaendelea utamaduni wa kutoa huduma zinazokidhi matakwa ya wateja na kuwapa thamani inayowaridhisha wanahisa wetu.

Vidokezo Muhimu vya Taarifa za Fedha

1.188
TZS trilion

Jumla ya Mapato
(2021: TZS 982 bln)

612
TZS bilioni

Faida Kabla ya Kodi
(2021: TZS 414 bln)

3%

Uwiano wa Mikopo Chechefu
(2021: 4%)

863

TZS
Pato kwa Kila Hisa (2021: TZS 584)

25%

Uwiano wa Faida na Mtaji
(2021: 21%)

23.07%

Uwiano wa Mtaji wa Msingi
(2021: 23.8%)

42%

Uwiano wa Gharama na Mapato
(2021: 46%)

23.09%

Uwiano wa Jumla ya Mtaji
(2021: 24.6%)





Vidokezo Muhimu

Mwaka Mwingine wa Mafanikio. Ufanisi mkubwa katika historia ya Benki

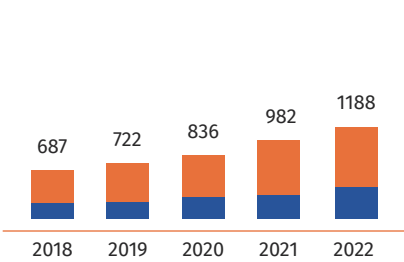
Benki ilishuhudia tena mafanikio mwaka 2022 kwa faida yake halisi kuongezeka kwa 48% na kufika TZS 429 bilioni kutoka TZS 290 bilioni iliyopatikana mwaka uliotangulia. Faida ya mtaji

iliongezeka kwa 25% kutoka 21% ya mwaka 2021, huku ikiendelea kuwa na mtaji toshelevu. Gawio la wanahisa liliendelea kuimarika huku pato la kila hisa likipanda kwa 48% na kufika TZS 863 mwaka 2022 ikilinganishwa na TZS 580 za mwaka 2021.

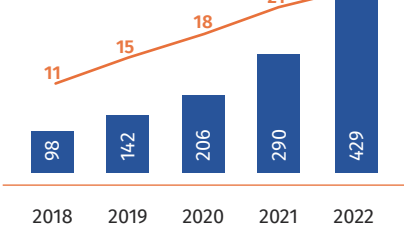
Ufanisi huu kwa kiasi kikubwa ulichangiwa na kuimarika kwa mapato kutokana na kuongezeka

kwa mikopo tuliyoitoa pamoja na miamala ya wateja, kubana matumizi na kupanda kwa faida za utendaji bila kusahau kupungua kwa tengo la mikopo isiyolipika. Tunaendelea kuweka misingi imara itakayotuhakikishia tunakua na kutoa gawio la kutosha kwa wanahisa wetu.

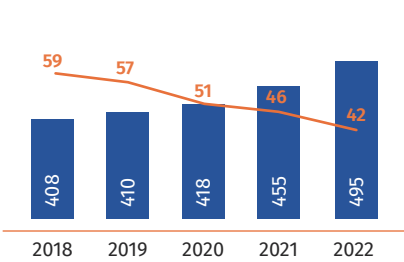
Jumla ya Mapato (TZS bln)



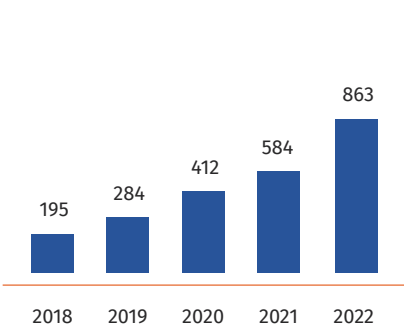
Faida Baada ya Kodi (TZS Bln) & Faida ya Mtaji (%)



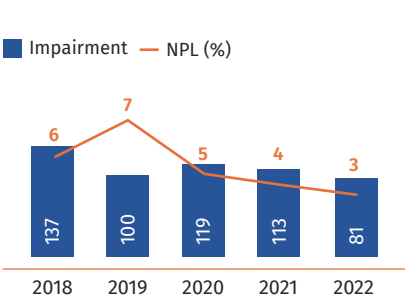
OPEX (TZS bln) & CIR (%)



Pato kwa kila hisa (TZS)



Tengo la Mikopo Chechefu (TZS Bln) & Uwiano wa Mikopo Chechefu (%)



Uchambuzi wa Taarifa ya Mapato na Matumizi

Taarifa Fupi ya Faida au Hasara ya Benki (TZS million)	2018	2019	2020	2021	2022	Mabadiliko (%)
Mapato Halisi ya Riba	492,023	517,641	565,655	676,215	786,349	16
Mapato Halisi ya Ada na Kamisheni	166,282	169,153	223,416	248,541	324,929	31
Ubadilishaji Fedha za Kigeni, biashara mapato mengine	29,594	35,256	44,879	57,326	77,228	35
Faida ya Uendeshaji Kabla ya tengo la mikopo isiyolipika	687,899	722,050	833,950	982,082	1,188,506	21
Jumla ya tengo la mikopo isiyolipika	(137,305)	(100,410)	(119,312)	(113,129)	(81,180)	28
Faida ya Uendeshaji Baada ya tengo la Mikopo Isiyolipika	550,594	621,640	714,638	868,953	1,107,326	27
Gharama za uendeshaji	(408,953)	(410,552)	(418,895)	(455,066)	(495,715)	(9)
Faida Kabla ya Kodi	141,641	211,088	295,743	413,887	611,611	48
Gharama za Kodi ya Mapato	(43,978)	(68,921)	(89,941)	(123,701)	(182,235)	(47)
Faida ya mwaka	97,663	142,167	205,802	290,186	429,376	48
Faida ya Mtaji (%)	11	15	18	21	25	
Faida ya Mali (%)	2	2	3	3	4	
Uwiano wa Gharama na Mapato (%)	59	57	51	46	42	
Uwiano wa mapato yasiyo ya riba na Mapato ghafi (%)	28	28	31	32	34	
Pato kwa kila hisa (TZS)	195	284	412	584	863	
Gawio kwa kila hisa (TZS)	66	96	137	193	286	

Mapato ya Aina Yake

Benki iliingiza mapato makubwa yaliyovuka TZS 1.188 trilioni mwaka 2022 yakipanda kwa 21% kwa mwaka huo na kuvuka TZS 1 trilioni kwa mara ya kwanza katika historia ya sekta ya benki nchini. Mapato haya yalipatikana licha ya changamoto nyingi zilizokuwa katika soko zikichangiwa na mambo mengi vikiwamo vita ya Russia na Ukraine pamoja na athari za UVIKO-19.

Uimara wa mapato pia ulichangiwa na kukua kwa mapato halisi ya riba yaliyopanda kwa 16% kwa mwaka na kufika TZS 786 bilioni, pamoja na kukua kwa mapato yasiyo ya mtaji yaliyoongezeka kwa 31% na kufika TZS 402 bilioni. Tumeendelea kuwa na vyanzo mbalimbali vya mapato huku vile vya riba vikichangia kwa 66% na visivyo vya riba kwa 34%.

Mapato halisi ya riba yaliongezeka kwa 16% kwa mwaka na kufika TZS 786 bilioni huku kuongezeka kwa mapato ya riba kukiwa juu kuliko

gharama za riba. Mapato ya riba yaliongezeka kwa 17% kwa mwaka na kufika TZS 954 bilioni yakichangiwa na ukopesaji makini tulioufanya pamoja na uwekezaji wa kimkakati kwenye dhamana za serikali. Gharama za riba kwa mwaka 2022 zilikuwa TZS 167 bilioni sawa na ongezeko la 20% kutokana na mabadiliko yaliyokuwapo sokoni. Mwaka mzima, tulikuwa makini kuangalia kinachoendelea sokoni na kuchukua hatua mahsusi kwa mtaji wa benki ili iendelee kutekeleza mikakati yake ya uwekezaji.

Mapato yasiyo ya mtaji yaliongezeka kwa 31% kwa mwaka yakichangiwa na malipo ya kamisheni na ada yaliyofanywa na wateja kutokana na mikopo mingi iliyotolewa, pamoja na miamala iliyofanywa na wateja kwenye majukwaa ya kidijitali yakiwamo matumizi kadi za kutolea fedha, huduma za benki kwa simu ya mkononi na huduma kupitia mawakala wa benki.

Ufanisi zaidi kwenye kubana matumizi

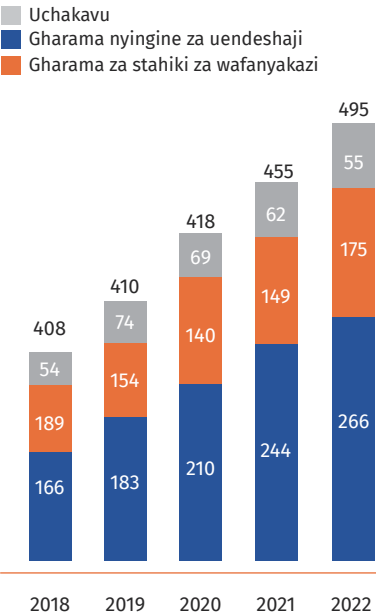
Uwiano wa Gharama na Mapato (CIR) wapungua kwa 42

Hatua madhubuti zilichukuliwa ili kubana matumizi. Uwiano wetu wa gharama na mapato ulishuka mpaka 42% mwaka 2022 kutoka 46% za mwaka 2021, hivyo kundelea kuwa ndani ya mapendekezo ya kikanuni yanayotaka uwiano huo kuwa 55% huku tukiwa na ufanisi mkubwa katika kubana matumizi katika idara zote za benki. Uimarishaji wa huduma za kidijitali nao unachangia kwa kiasi kikubwa kupunguza matumizi hivyo kuongeza ufanisi wa utendaji.

Kwa kipindi chote, tulihakikisha ongezeko la gharama linabaki chini ya lile la mapato. Gharama zote za uendeshaji wa benki kwa mwaka 2022 zilikuwa TZS 496 bilioni sawa na ongezeko la 9% ikilinganishwa na ongezeko la mapato kwa 21% ambalo lilikuwa ni malipo kwa wafanyakazi yanayodhihirisha kujitoka kwa

benki kuwashirikisha watumishi wake hali inayofidia gharama nyingine za uendeshaji wa ofisi.

Gharama za Uendeshaji (TZS bln)



Benki inaendelea kusisitiza nidhamu ya matumizi huku ikiendelea kuweka mifumo ya kidijitali kwenye taratibu za utendaji na kuwekeza zaidi

kwenye teknolojia ili kutanua wigo wa matumizi ya majukwaa ya kidijitali, kuongeza ufanisi na kuimarisha uzalishaji. Tunaendelea kutekeleza mpango wetu wa muda wa kati wa kuimarisha ufanisi wa utendaji na kuwa na uwiano mdogo zaidi wa gharama na mapato.

Udhibiti Mahsusi wa Vihatarishi vya Ukopeshaji

Kupungua kwa Uwiano wa Mikopo Chechefe

Ubora wa mikopo ya benki umeendelea kuimarika mwaka hadi mwaka. Hatua za kutambua na kudhibiti vihatarishi zilikuwa na matokeo chanya kwa kuimarisha ukopeshaji katika mwaka husika ulioshuhudia tengo na uwiano wa mikopo chechefe.

Tengo la mikopo chechefe lilipungua mpaka TZS 81 bilioni mwaka 2022 sawa na 28% likilinganishwa na mwaka 2021

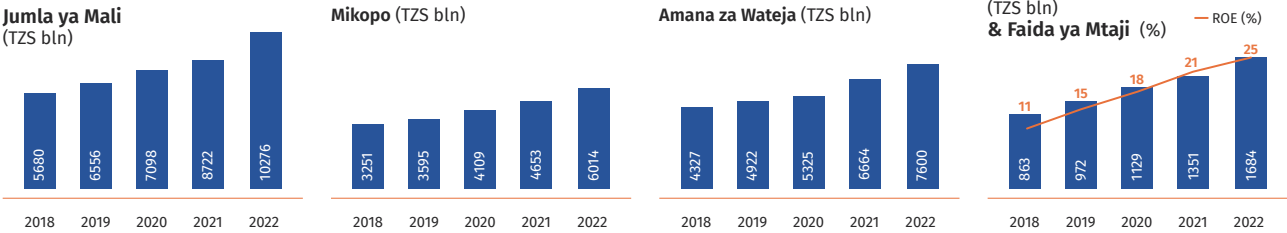
huku kukiwa na hatua madhubuti za kudhibiti vihatarishi kwa kuongeza ufanisi hasa kwenye ukusanyaji na uhuishaji.

Uwiano wa Mikopo Chechefe ulishuka mpaka 3% mwaka 2022 hivyo kuwa ndani ya 5% inayopendekezwa na kanuni za usimamizi na chini ya 4% za mwaka 2021. Tulitumia gharama ndogo, yaani 1.2% tu kudhibiti hasara ambayo benki ingeweza kuipata mwaka 2022, huku ulinzi wa uwiano wa mikopo chechefe ukiimarika mpaka 109% mwaka 2022 kutoka 108% mwaka 2021 hali inayodhihirisha busara na umakini mkubwa katika utengaji.

Kuwa na mikopo mizuri ni ajenda kuu ya benki. Tunaendelea kushirikiana kwa karibu na wateja wetu ili kuwa na uhakika wa wao kurejesha mikopo yao kwa wakati nasi kutekeleza mikakati yetu tuliyojiwekea.

Uchambuzi wa Mizania

Taafita Fupi ya Mizania ya Benki Mpaka 31 Desemba 2022 (TZS million)	2018	2019	2020	2021	2022	Mabadiliko (%)
Fedha taslimu na akiba BoT	1,070,422	1,341,140	1,047,488	1,484,029	1,551,341	5%
Akiba kwenye benki nyingine	174,391	264,326	170,829	337,255	186,941	(45%)
Uwekezaji kwenye dhamana za serikali	740,185	761,554	1,304,253	1,739,280	1,944,032	12%
Mikopo halisi	3,251,794	3,595,688	4,109,362	4,653,933	6,014,603	29%
Mali nyingine	444,192	593,307	466,165	507,834	579,773	14%
Jumla ya Mali	5,680,984	6,556,015	7,098,097	8,722,331	10,276,690	18%
Amana za benki nyingine	20,770	33,446	131,224	408	12,445	2,950%
Amana za wateja	4,327,607	4,922,278	5,325,455	6,664,263	7,600,147	14%
Madeni mengine	469,553	627,902	511,484	298,676	979,537	228%
Jumla ya Madeni	4,817,930	5,583,626	5,968,163	7,370,939	8,592,129	17%
Jumla ya Mtaji	863,054	972,389	1,129,934	1,351,392	1,684,561	25%
Jumla ya Mtaji na Madeni	5,680,984	6,556,015	7,098,097	8,722,331	10,276,690	18%
Uwiano wa mikopo chechefe (%)	6	7	5	4	3	
Uwiano wa mikopo na amana (%)	78	73	78	73	82	
Uwiano wa mali zinazozalisha na Jumla ya Mali (%)	73	71	79	77	80	
Uwiano wa Mtaji msingi (%)	17	17.1	19.3	23.8	23.07	
Uwianowa Mtaji wa Jumla (%)	19	18.5	20.6	24.6	23.09	
Uwiano wa Mikopo Isiyo na Vihatarishi	4,321,532	4,988,790	5,310,036	5,209,540	6,709,432	



Benki iliendelea kuimarisha mizania yake ambayo ina kila kitu kuiwezesha kukua zaidi. Mpaka Desemba 2022, mizania ya benki ilikuwa na thamani ya TZS 10.2 trilionni sawa na kukua kwa 18% na kuvuka thamani ya TZS 10 trilionni kwa mara ya kwanza katika historia ya sekta ya benki nchini. Tunaendelea kuiimarisha mizania yetu ambayo faida ya mtaji ni 25% na faida ya uwekezaji ni 4%.

Ukopeshaji endelevu

Biashara nzuri ya kuvutia na ya uhakika ilishuhudiwa mwaka 2022 hivyo kuwezesha ukopeshaji wa uhakika kwa sekta zote muhimu na idara za kimkakati. Licha ya changamoto zilizojitokeza sokoni zikichangiwa na sababu tofauti mfano ukiwa athari za vita ya Russia na Ukraine pamoja na UVIKO-19, tuliendelea kushuhudia ongezeko la maombi ya mikopo.

Mikopo iliyotolewa iliongezeka kwa 29% na kufika TZS 6.015 trilionni kutoka TZS 4.654 trilionni iliyotolewa mwaka 2021. Ukuaji huo ulishuhudiwa karibu katika idara zote kwani tulijitahidi kuwa jirani na wateja wetu kuwasaidia kutatua changamoto zao za kimtaji kuanzia kwa wafanyabiashara wadogo na wa kati walioongezeka kwa 18%, waliopo kwenye sekta ya kilimo waliokua kwa 137%, wateja wakubwa 31%, na mikopo binafsi iliyopanda kwa 26%. Tuliendelea kujifunza kufahamu mahitaji ya wateja ili kuwa na bidhaa zinazotatua changamoto zao. Tunaendelea kuimarisha uhusiano na wateja wetu ili kuwa na mikopo mingi zaidi inayolipika huku tukitanua wigo wa huduma zetu ili kuwafikia watu wengi.

Jumla ya mikopo tuliyoitoa imeendelea kuwa sawa na 23% ya kiasi chote kilichokopeshwa na sekta ya benki nchini kama ilivyokuwa kwa mwaka 2021.

Kukua kwa Amana za Wateja

Amana za wateja zilikuwa kwa 14% na kufika TZS 7.6 trilionni mwaka 2021 kutoka TZS 6.664 trilionni za mwaka 2021 huku vitengo vyote vikikua kwa viwango tofauti. Kuongezeka kwa amana za wateja kunadhihirisha ufanisi wa utekelezaji wa mikakati ya kukuza amana tukizitumia bidhaa zetu za aina tofauti sambamba na huduma bora kwa wateja wetu. Ongezeko hili lilichangiwa kwa kiasi kikubwa na kuimarika kwa akaunti za biashara na akaunti za akiba ambazo ndizo msingi wa amana unaounda 80%.

Uwiano wetu wa mikopo na amana uliongezeka na kufika 82% mpaka mwishoni mwa Desemba 2022 ukidhihirisha mabadiliko yaliyokuwapo sokoni. Tulikuwa makini kufuatilia uwiano huo pamoja na mwenendo wa ukwasi wa benki na kuchukua hatua mahsusi za kuendelea kubaki salama.

Kukuza amana za wateja kunaendelea kuwa kipaumbele chetu. Tutaendelea kuimarisha uhusiano wetu na wateja huku tukiwapa huduma na bidhaa zetu tofauti kukidhi mahitaji yao zikiwamo jitihada zetu zinazoendelea za kuimarisha huduma zetu za kidijitali tunazotarajia zitakuwa na manufaa makubwa huko mbeleni.

Licha ya changamoto zilizokuwapo sokoni, ikiwamo kuongezeka kwa ushindani, ushawishi na ukubwa wetu ulipanda na kufika 25% mwaka 2022 kutoka 24% za mwaka 2021.

Usimamizi Madhubuti wa Mtaji

Tayari kwa Kuwekeza Zaidi

Uwiano wetu wa mtaji uko vizuri sana, ukiacha nafasi kubwa kuufikia ukomo uliowekwa

kisheria. Tulifunga mwaka tukiwa na uwiano wa 23.07% wa mtaji msingi (tier one capital) ikilinganishwa na ukomo wa 12.5% na uwiano wa jumla ya mtaji ukiwa 23.09% ambao ukomo wake ni 14.5%. Hali hii inatuweka kwenye nafasi nzuri zaidi ya kuendelea kufanikisha uwekezaji na kujitana sokoni kadri itakavyoonekana inafaa kuendanana mpango mkakati wetu.

Mipango ya Baadaye

Ufanisi mzuri wa benki kwa mwaka 2022 unaonyesha utekelezaji makini wa mpango mkakati wetu. Tukitizama mbele, tunaamini mwaka 2023 utakuwa mzuri zaidi na wenye mafanikio makubwa kwani tunatarajia kufungua fursa nyingi zaidi kwa kukidhi mahitaji ya wateja wetu. Msingi wetu imara unatuweka sehemu salama ya kuvishinda vihatarishi vinavyoletwa na athari za mambo kadhaa yanayoyumbisha dunia, na kuturuhusu kukua zaidi. Tutaendelea kufanya uamuzi makini tukitekeleza mpango mkakati wetu wa muda wa kati kuhakikisha ukuaji endelevu.

Kuwa na mapato ya uhakika kinabaki kuwa kipaumbele cha benki huku tukitizamia kuendelea kuimarisha uhusiano wetu na wateja utakaokuza biashara hivyo kuwa na mizania kubwa zaidi. Tutaielekeza nguvu katika kukuza mapato yasiyotokana na mtaji kwa kuwafikia wateja wengi zaidi na kufikisha bidhaa na huduma zetu kwa sekta zote muhimu. Kubana matumizi na kuongeza kiasi cha mikopo tunayoitoa itaendelea kuwa ajenda yetu ya msingi. Tutaendelea kuboresha hatua zetu za utendaji ziwe za kidijitali ili kuongeza ufanisi na kuwapa wateja wetu uzoefu wa aina yake.

Tunao watendaji makini na wafanyakazi wenye ari kufanikisha mipango yetu na kutufanya tuendelee kuhimili ushindani uliopo sokoni hivyo kukua na kuongeza thamani kwa wadau wetu.

Business Segments Review

In 2022, we continued our trend of profitable, sustainable growth across all our businesses. The bank's record results reflect solid progress in execution of key strategic initiatives with steady growth momentum sustained.

Retail Banking

Customer Centricity and digital solutions deepening financial inclusion.

Overview

We are a leading retail banking franchise in Tanzania, providing diverse products and offerings, including transactional banking, insurance offerings, card solutions, lending solutions, deposit taking, investment products, and card-acquiring services, to more than 6 million customers.

We serve our customers, including individuals and micro, small, and medium enterprises (MSMEs) through one of the largest networks of 227 branches, 781 ATMs, 19,870 agency banking outlets, and an innovative, market-leading financial mobile app (NMB Mkononi).

The Retail Banking business develops and implements a customer-centric and solutions-based strategy, with a focus on digital solutions, reaching a broad spectrum of customers through three well-established business sub-segments:

Personal and Private Banking

A dedicated profesional team serving customers (Personal and Private Banking clientele) with relevant products and solutions to address their unique needs.



Retail Agri Business

Retail Agribusiness offers comprehensive financial solutions to support the growth and development of the agri sector, across the value chain.



MSME (Business Banking)

Helping MSME customers develop their businesses by offering a wide array of financial services through convenient digital channels and tailored support programs.



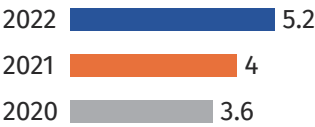
Our Retail Banking business continues to be the main driver of the Bank's growth. The Retail Banking segment demonstrated solid performance in 2022, which featured strong lending growth, solid deposits volumes, and strong total income.

Key Highlights

Record

5.2
TZS trillion

Loans
(+30% YoY)



Record

5.1
TZS trillion

Deposits
(+6% YoY)



Record

893
TZS billion

Total Income
(+18% YoY)

Key Strategic Priorities

- Service and customer experience excellence: to ensure our customers get a better and more differentiated experience with us by improving processes and promoting a strong service culture.
- Improving our digital channels, including Agency Banking and Mobile Banking, to provide more convenience to our clients and widen financial inclusion;
- Relationship deepening: enhanced engagements to drive customer acquisitions, retention, and overall business growth through penetration in key segments including SME, Agri.
- Enhance our existing relationships and partnerships and create more strategic partnerships;
- Differentiated Product Proposition: drive continuous product and service proposition enhancements to ensure product relevance for customers
- Transaction migration: strengthen digital capabilities to provide flexible and efficient service delivery, driving increased digital adoption by our customers.
- Ecosystem banking: Leverage ecosystem banking in close collaboration with the bank's other businesses to capture more business opportunities.





“Our relentless focus on digitalization is driven by our commitment to empower our customers by making banking accessible, easier and more convenient.”

Filbert Mponzi
Chief Retail Banking

2022 Overview

Progress Against our Strategy

Retail Banking continued to demonstrate disciplined strategy execution in line with its ambition of being the preferred financial partner for customers. During the year, we maintained focus on enhancing client experiences by improving quality of service and innovative offerings to grow client trust and satisfaction.

To achieve our aspirations, we worked on optimizing our service footprint in terms of physical service points, enhancing our digital channels for our customers, and introduced innovative offerings and solutions tailored for their unique needs.

Our innovative spirit, service excellence, and customer-centricity received global recognition.



Awards in Retail Banking.

- Best Retail Bank - *World Economic Magazine*
- Best Bank in Tanzania - *Global Brands Magazine*
- Best Retail Bank - *International Business Magazine*
- Best SME Bank
- Best Innovation in Retail Banking in Tanzania - *International Business Magazine*
- Best Private Bank in Tanzania - *International Banker Awards*
- Best Agri-Business Bank - *Global Brands Magazine*
- Best Retail Bank - *Global Banking & Finance Review*

Performance Highlights

2022 was a historic year for Retail Banking. The business recorded good balance sheet performance, with solid asset book and deposit volumes growth, and comprehensive, differentiated product offering expansion which supported strong income generation.

Retail loans and advances grew 30% YoY to TZS 5.2 trillion in 2022. Asset growth levels were sustained in line with the strategy, with a strong double-digit growth in the portfolio reflecting deepened customer engagements, improved customer value propositions, and enhanced customer acquisition and retention strategies. Retail deposits also grew at steady pace, increasing by 6% YoY to TZS 5.1 trillion, with continued

enhancements in product development and propositions supporting to further strengthen the deposit base.

Retail Banking total income rose 18% to a record high of TZS 893 billion, attributed to solid net-interest income growth as a result of higher loan volumes and continued non-funded income performance momentum, reflecting increased customer interactions on digital channels.

Our cards business and bancassurance offerings also continued to grow and supported the strong performance in 2022. The revenue generated from bancassurance services for the year ended 31 December 2022 grew by 102% YoY to TZS 8.46 billion (2021: TZS 4.19 billion).

Strong Revenue Generation

8.5 (+102% YoY)
TZS billion



Scaling up Agriculture Sector

The agriculture sector has been playing an important role as a key driver for economic growth of Tanzania since independence. It accounts for 65% of the employed population and contributes about 30 % of the country's GDP, & ~ 24% of the total exports

At NMB Bank we regard agriculture sector as one of the key areas of focus in our long-term strategic ambitions. Our Medium-Term Plan 2021-25 underscores our commitment to scale up our agriculture portfolio and impact. We believe that agriculture has significant potential for the country and the bank's future growth. Currently the sector accounts for over 50% of our overall SMEs portfolio. Through deliberate strategic initiatives and investments, we have grown our overall agriculture portfolio to over TZS 1.5 trillion over the last five years.

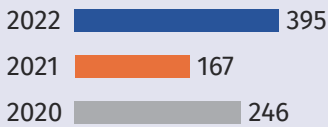
NMB continues to be a pioneering bank for Agri in Tanzania in line with our commitment to scaling up the Agri sector in the country. We continue to contribute to the development of the sector, where we set aside a special TZS 250 billion Agri fund for lending to the agriculture value chain at 9% interest per annum. This, among other key initiatives, reflects the bank's deliberate efforts to further improve access to credit to bridge the financing gap, drive sustainable growth of the sector, boost productivity along the agriculture value chains, and stimulate job creation.

We remain steadfast in our commitment towards supporting the growth and development of the agriculture sector, across the agri-value chain. We will continue to invest in innovative solutions and strengthen collaborations with key stakeholders to drive

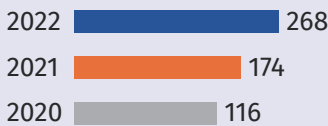
sustainable growth of sector through improved access to credit, enhancing productivity along the agri value chains, and spur job creation in line with the country's broader socio-economic development aspirations.

Agri Portfolio Growth

Loans - TZS Billions
(137% YoY Growth)



Deposits - TZS Billions
(51% YoY Growth)



Delivering on our digital strategies

Deepening digital inclusion and driving differentiated customer experience.

Our relentless focus on enhancing our digitally led propositions is underpinned by our commitment to empower our customers by making banking more convenient. In line with our commitment to drive deepen financial inclusion, we continued to enhance our digital solutions by developing new, innovative products, upgrading digital channels' functionalities, and continuously improving digital experiences to enable our customers to seamlessly fulfill their needs.

In 2022, we demonstrated strong progress in our digitization agenda. The number of transactions via key digital channels, including Agency Banking and Mobile, continued

to demonstrate good growth reflecting increased customer interactions on alternative channels. Overall, the number of transactions executed via agency banking and mobile banking channels grew to 90 million (up 25% YoY) and 70 million (up 23% YoY), respectively.

We made a foray into mobile micro lending by being the first bank in Tanzania to introduce mobile loans (Mshiko Fasta). This market-pioneering solution enables customers to access loans in just a few clicks on their mobile phone devices. We remain focused on further building this space and continue to strengthen our digital capabilities to drive a differentiated experience for our customers and to accelerate business growth.

During the year, we also revamped our Agency Banking model by empowering agents to provide banking services

using a mobile phone and enabling customers to interact and perform transactions using their mobile phone devices. We have seen good growth in our total agents base, which has nearly doubled within a year and continues to strengthen financial inclusion efforts by widening access to financial services while contributing towards employment opportunities.

The continuous enhancements we make on our digital propositions continues to make good strides in deepening digital inclusion and supporting to drive the transition from physical to digital interactions. The migration has been significant over the past few years, and we continue to see more activity shifting towards alternative channels. As a result of our focus, in 2022, 94% of all customer transactions (by volume) were executed on our alternative channels.

Driving a Cashless Economy

Globally, payments are becoming increasingly cashless, driven by on-going innovations and disruptions in evolving payments technologies. Similar trends are unfolding in our market, reflecting increased digital customer interactions and transition towards a cashless economy. The payments space is an area where we can continue to unlock new opportunities to deliver innovative products

and solutions, and superior experiences to both individual customers and merchants to support the drive towards a digital economy in Tanzania.

We have a large presence in Tanzania through our POS terminals, which continues to demonstrate steady growth YoY. During the year, we continued to focus on enhancing our merchant onboarding processes, enabling new merchants to onboard more conveniently, whilst continuing to improve

the functionality of our POS terminals. We also strengthened our existing partnerships and forged new, strategic merchant relationships to boost overall engagements with our customers and merchants. We continue to see good outcomes as a result of our efforts, with total merchants and POS terminal base growing by 26% and 41% YoY, respectively. Going forward, we are focusing on increasing and enhancing such partnerships to widen our overall presence.

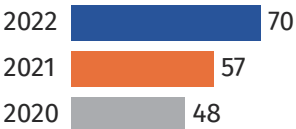
90 million

Agency Banking Transactions (millions)



70 million

Mobile Transactions (millions)



94%

of total transactions are digital

85%

Accounts opened digitally



26%

Growth in Merchant Base

152%

Growth in QR Code Base

During the year, we enhanced our digital payments solutions by launching Lipa Mkononi, a QR code payments solution which offers customers the convenience of paying via QR code scanning or through payment reference number via their mobile phone device. As a result, our total QR codes base recorded strong growth in 2022, increasing by 152% YoY.

41%

Growth in Terminals

24%

Growth in Total Cards Base

We maintained a solid total cards base, with continued penetration and uptake of different card solutions during the year. Our total cards base increased to 4.1 million cards at the end of 2022, up 24% YoY, with good growth across all card products.



Creating a Bank for the Youth

We recognize the important role that youth play as part of the country's broader socio-economic fabric, today and in the future. Our overall ambition is to be the "top-of-mind" bank for youth, with a goal to acquire new customers in the youth segment and keep them loyal for a long time. To drive this ambition, we developed a tailored youth proposition, "Go na NMB", which targets youth (ages up to 35 years) from all walks of life including agriculturalists, young

professionals, entrepreneurs, scholars, etc. This lifestyle-based proposition resonates around helping youth meet their needs and aspirations by creating an environment that empowers them. We have opened more than half a million youth accounts since the proposition was launched.

The youth proposition has been designed to cater for the unique needs of youth, being cognizant that youth come from diverse backgrounds. Young entrepreneurs who need

to access financing can do so through our collateral free, instant digital loan dubbed "Mshiko Fasta", which is available via NMB Mkononi. Young entrepreneurs can also access other various loans, including two/three-wheeler loans (Masta Boda loan), boat loans (Masta Boat loan), and small business loans known as Fanikiwa Loans. We also have solutions that enable youth to play a critical role in driving financial inclusion (and offer them self-employment opportunities) through NMB Pesa Wakala, which allows anyone

payment solutions which are accessible via mobile phone (through NMB Mkononi – mobile banking platform), including QR code payments, E-commerce payments, and bank-to-wallet payments and transfers, enabling them to transact conveniently.

The future is youth and NMB looks forward to continue being a key partner in driving youth empowerment. Let's #GO na NMB.



Open over
500,000
accounts



Create
Awareness & Opportunities



Carried out
financial literacy
sessions to
64,000+
Youth



Engage
directly with
600,000+
youth across TZ

with a mobile phone (either feature phone or smart phone), a National ID, and a business license the chance to become an agent (Wakala) for the bank.

For young aspiring professionals, we have tailored programs such as Career Fair and Career Expo which empower youth with the key professional skills required to kickstart their corporate careers. We have partnered with prominent higher learning institutions across Tanzania, including University of Dar Es Salaam (UDSM), University of Dodoma (UDOM), Mzumbe

University, St. Joseph University, Sokoine University, to mention a few, and impactful student associations and other key partners, including PWC, Reliance Insurance, SE&Co, as well as our fellow institutions, in delivering the programs.

We as also provide youth the opportunity of first-hand, work experience in a corporate environment through field attachments and internship opportunities at the bank. The bank also has a Management Trainee (MT) program which offers successful applicants

the chance to undergo a two-year rotational program across various departments within the bank to widen their exposure. Upon successful completion, graduates of the MR program are placed in a role within the bank to help them towards their career aspirations. Several graduates of the bank's MT program have grown to senior leadership positions within banking.

With the youth segment being key participants and advocates of the digital evolution, we offer them various forms of digital

Empowering SMEs

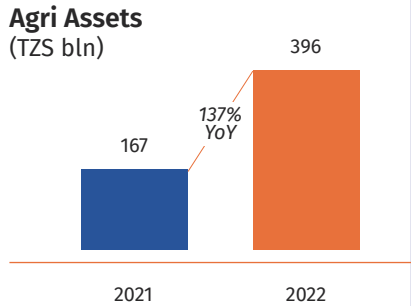
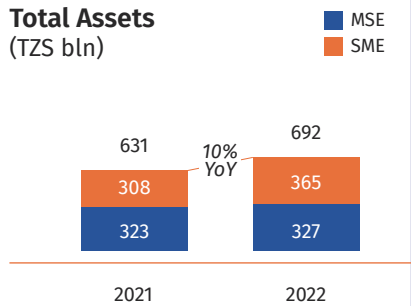
Helping SMEs unlock their Growth Potential

With SMEs as the backbone of the global and regional economy, we continued to invest in this segment by reimagining how SMEs could be better served in the markets in which we operate.

The SME sector is a significant component of the country's overall economic growth engine. The sector is also core to our growth agenda, and we continue to enhance our focus in this area to deepen penetration by ensuring we continuously enhance our skills and capabilities to support our customers and fulfill our agenda to foster the development of the sector. We continue to enhance our Business Banking (SME) service proposition and offer

a diversified suite of solutions, including loans, overdrafts, working capital finance, cash management products, trade finance solutions, and Asset Financing. We remain committed to embedding financially inclusive products and services, and to offer business development and support programs to enable our customers to thrive.

In 2022, the Business Banking agenda continued to be executed with rigor, resulting in continued good traction along key initiatives designed to enhance client convenience, while emphasizing the importance of customer satisfaction. Overall, the MSME asset book grew by 18% YoY due to strong client activity, as well as deepened penetration in key sectors, including Agri, which recorded significant growth of 137% YoY.



Enhancing the customer experience remains a key area of focus and we continue to leverage and further invest in technology to improve the overall customer experience and simplify the credit process. We remain committed towards driving further innovation in terms of products and processes for our customers to enhance overall access to credit. We are highly prudent in our actions and continue to work closely with our customers in order to proactively address risk concerns through the right control environment and continuous credit risk management strengthening.

As part of our commitment to foster development of the sector, we offer Capacity Building Programs (Business Clubs) to strengthen their skills, business, and position them for growth. The programs offer classroom training as well as business coaching to SMEs to empower them with skills and information to support their sustainable growth. Capacity building remains a key area of focus as we continue to drive efforts towards enabling key stakeholders including women, youth, entrepreneurs, and farmers, across the MSME sector to develop and thrive.

 **Looking Ahead**

Retail Banking will continue to focus on the customer as core to our business strategy and consequently the growth of our business.

As per our overall strategic ambitions, our planned investments and product innovation will all be tailored to ensure continued relevance of our products and solutions in order to meet consumer needs in all aspects of the customer life cycle.

In line with our commitment towards widening financial inclusion, we will also continue to focus on channel optimization through improving our branch network, enhancing our digital banking solutions, and scaling up our agency banking footprint to ensure our customers have improved convenience and better service channels that fit their aspirations.

Service will continue to be core to our success, underpinning our goal of being the preferred financial services partner. We continue to identify opportunities to further streamline our business processes to improve and accelerate our execution speed to meet client needs. Driving the right client experience also remains a key agenda, and we will continue to improve our systems, especially in light of continued growth in digital and agency banking channel usage,

to enhance the overall customer experience in their interactions with the bank.

We aim to drive the right service culture within our teams in order to drive business growth through better understanding of our customers' unique needs. Continuous staff development is key to this, and we will continue to invest in the right training for our people to build the right skill sets to deepen relationships with our customers through enhanced relationship management and in order to drive the right service culture.

We thank our esteemed customers, our Regulator, our key partners, and our teams across the network who supported us throughout the year. We look forward to serving you even better in 2023.



Wholesale Banking

A Leading Bank offering Integrated Solutions for Corporates, Institutions, Agri clients, and Government.

Overview

NMB Bank is a leading bank in Tanzania serving large, multinational corporates, Agribusiness clients, Government, and Institutions. We leverage our best-in-class expertise and deep industry experience to support our clients through a broad array of

solutions, including structured financing, global digital transaction services (collections, payments and integrations, cash solutions), facilitate international trade through trade finance solutions, project financing, and deposit services.

Given our wide reach, a portfolio of diverse banking products and services, and deep industry and product-specific expertise, we continue to leverage on our solid capabilities to drive our ambition of being the preferred financial partner for Wholesale Banking clients.

Key strengths of our business

Our strategic ambitions are underpinned by key pillars which enable us to deliver on our key objectives.

Operational Excellence	Advisory Mindset	Coverage Model
High-quality, innovative product and service offerings supported by strong digital capabilities.	High levels of client service, driven by an advisory mind-set, delivered by skilled and highly experienced relationship managers.	Highly experienced and skilled relationship managers, equipped with financial structuring tools and deep sector-specific knowledge, enabling high-quality advisory and offering tailor-made solutions to support clients' ambitions.

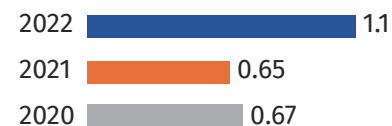


Key Highlights

Record

1.1
TZS trillion

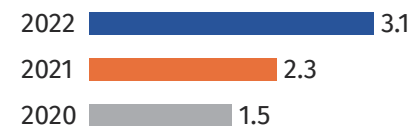
Loans
(+67% YoY)



Record

3.1
TZS trillion

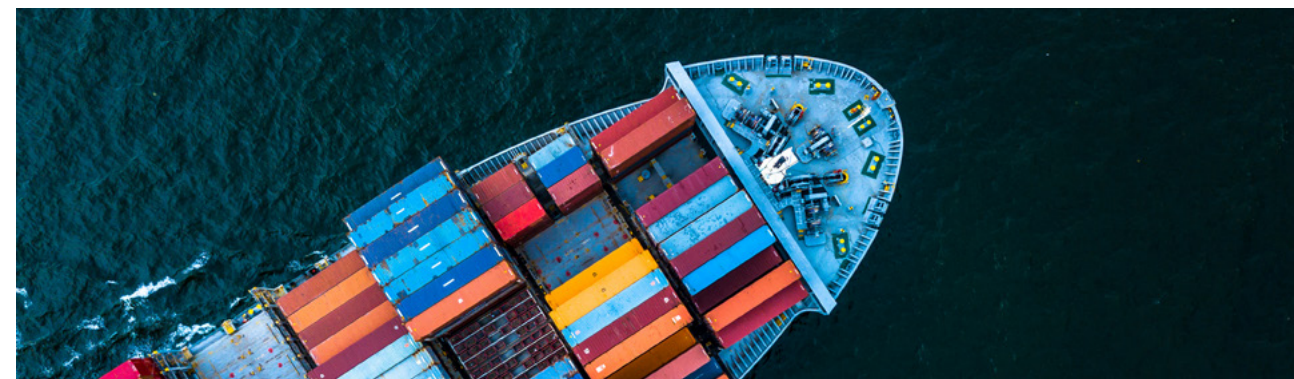
Deposits
(+35% YoY)



Record

73
TZS billion

Total Income
(+11% YoY)



Key Strategic Priorities

- Growing a sustainable Wholesale Banking business.
- Drive sector focus to deepen penetration and unlock growth opportunities.
- Digital platforms: Integrated, end-to-end digital and technology enablement to support client experience, new products, and efficiencies.
- Enhanced collaboration with other businesses through ecosystem approach to unlock corporate supply and value chain opportunities.
- Focus on continuous professional development to empower our people.
- Strengthened key strategic relationships and partnerships.



“Overall, Wholesale Banking continued to demonstrate steady growth momentum in 2022, with good progress in the delivery of our strategy.”

Alfred Shao
Chief Wholesale Banking

2022 Overview

Performance Highlights

Overall, Wholesale Banking continued to demonstrate steady growth momentum in 2022, with good progress in the delivery of our strategy. We continued to deepen penetration in key sectors of the economy while supporting our clients' growth ambitions. Our lending book grew by 67% YoY to TZS 1.1 trillion as we continued to extend financing to our clients and spur economic growth in line with the country's broader socio-economic agenda. We have a diversified loan portfolio with presence in major sectors of the Tanzanian economy.

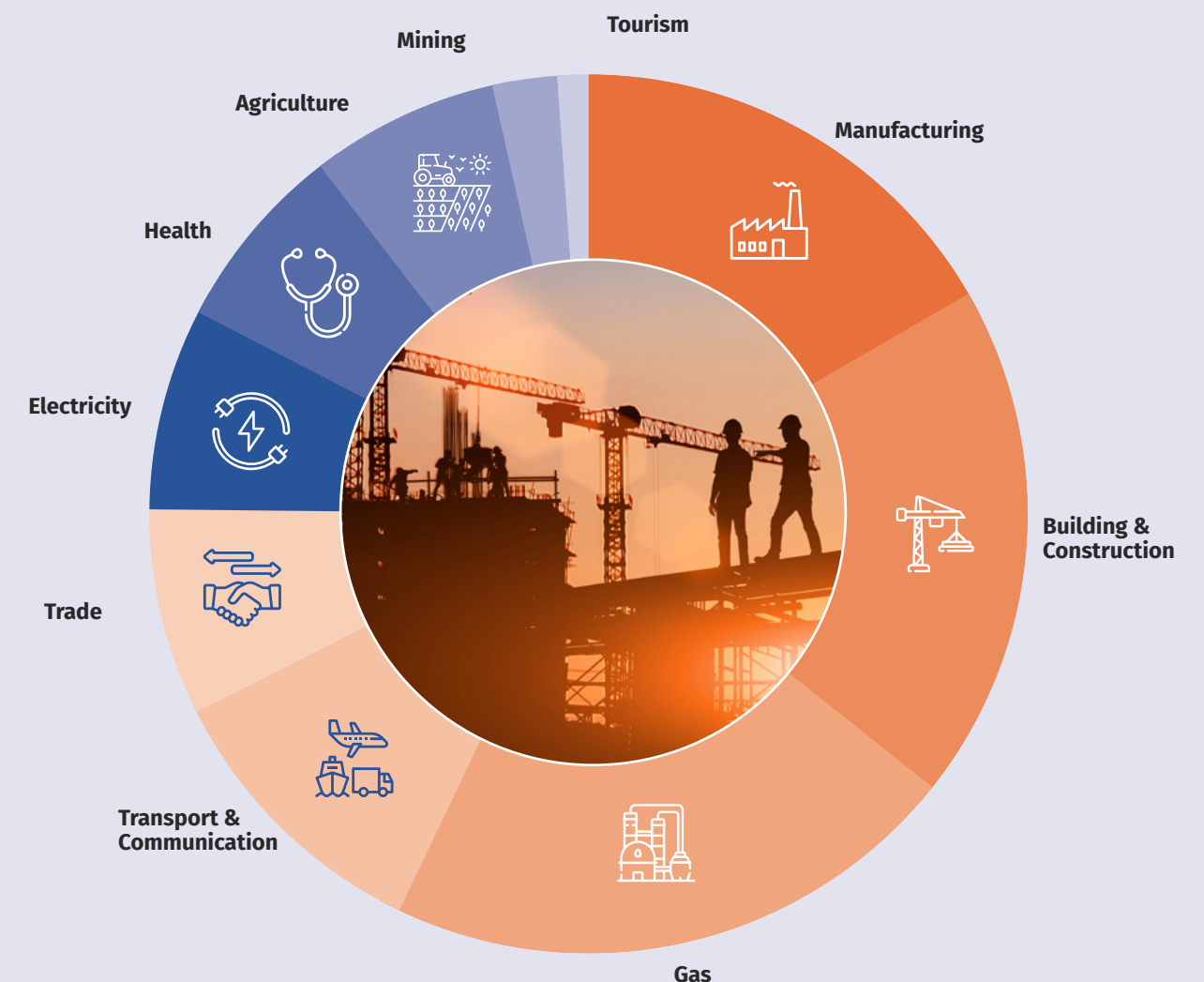
While aiming for a healthy growth of the loan book, we

prudently manage our overall asset quality to drive continuous improvements in overall portfolio health. In 2022, we saw good improvement in our asset book, as efforts towards strengthening overall credit risk management continued to bear fruit.

Deposits also recorded good growth during the year, increasing by 35% YoY to close at 3.1 trillion, which supported to provide a solid deposits base to support the bank's overall sustainable growth ambitions. This performance reflects overall continued good progress in deepening our engagements with our customers through stronger

relationship management to understand them more intimately and develop customized solutions to address their needs.

In line with the bank's overall ambitions, we continued to enhance our collaboration with other business segments within the bank through our ecosystem approach, leveraging on our corporate supply and value chains to support business generation and growth across the bank.



Other Highlights

Moving Further with Technology to Drive Digital Leadership

We maintained our focus on delivering a wide range of solutions for our clients through innovative technology and end-to-end digital enablement leading to provide a seamless, consistent, and superior client experience. During the year, we continued to make good progress in advancing our digital agenda to enable us to better serve our clients' needs.

In 2022, we increased our momentum in driving the uptake of global digital transaction services for our customers through stronger relationship management and focus on innovating technology and digital interfaces. Over the last few years, we have enhanced our digital platforms through optimal technology investments which have enabled us to offer our customer a seamless, and differentiated client experience. Further enhancing our digital capabilities remains a key agenda for the business, to ensure continued robustness and efficiency in our digital and technology solutions.

Our internet banking platform, "NMB Direct", continued to be enhanced during the year to improve functionalities and enable to fulfil our clients' banking needs. The online platform can be integrated with the corporate clients' ERP systems, leading to great user experience and convenience. Further enhancements of the internet banking platform remains a key area of focus, in line with our goal of providing superior digital experiences to our clients and driving further uptake of the solution.

Facilitating International Trade

Trade Finance continued to support strong business growth, as we continued to play a key role in supporting the broader socio-economic growth agenda by facilitating international trade. Leveraging on our wide network and solid partnerships, our participation in the broader growth of various sectors increased through strong growth in trade finance in 2022, resulting in solid growth on off-balance sheet book which increased by 73% YoY.

Continuous Development of our People

We believe that our people are a central pillar of our strategy delivery. In line with the bank's overall agenda, we aim to provide all employees with meaningful professional and personal development opportunities to help them unlock more of their potential. We are committed to developing our people into highly skilled professionals by providing them with an innovative and conducive working environment that allows them to realize their career aspirations while delivering exception service to clients.

Professional development continued to be a key component of Wholesale Banking's people agenda. In 2022, we implemented several capacity development programs geared towards equipping our employees with cutting edge skills and talents required in a globally competitive environment. We enrolled relationship managers into various professional development programs, to enhance overall expertise in key sectors and equip them with the

tools to support high-quality relationship management with clients. We will continue to pursue various opportunities to support the development of our teams to ensure continued high-quality service.



Looking Ahead

Going forward we will continue to partner with clients to achieve their growth ambitions by assisting them to grow together with their eco-systems. Ultimately, this will also enhance our ability to grow our business sustainably by serving their entire value chains and unlocking further opportunities. Our focus continues to be on growing a sustainable Wholesale business.

We will continue to emphasize continued optimal investments in digital platforms to transform and deliver a differentiated customer experience.

We intend to enhance our ecosystem approach to a broader scope of value chain players to drive business growth across the bank. We also maintain our focus on driving further enhancements to our internet banking offer to boost overall features.

We thank our esteemed customers, our Regulator, our key partners, and our teams across the network who supported us throughout the year. We look forward to serving you even better in 2023.

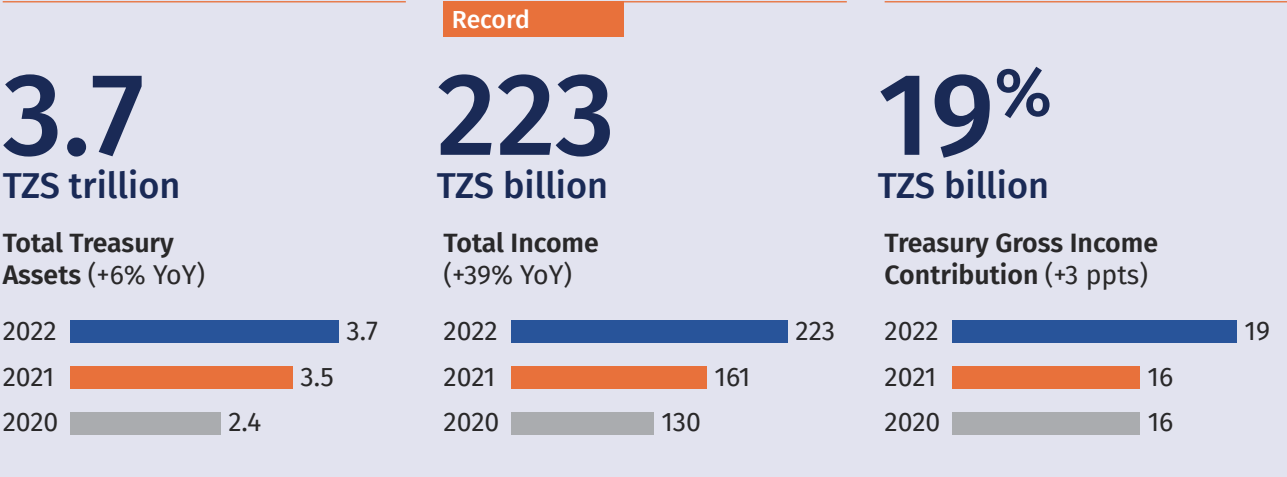


Treasury

Overview

This segment of our business continues to register good growth in income generation, with Treasury gross income contribution increasing to 19% in the year as strong performance in trading activities supported the bank's solid non-funded income momentum.

Key Highlights



Key Strategic Priorities

- Deepening our markets to create more economic value
- Enhanced digital platforms
- Strong People Focus – continuous development of our people to meet evolving market needs
- Product enhancements – to expand footprint and improve customers' service delivery



“Through enhanced client engagement and enablement, we were able to enhance value propositions in response to customer financial and investment needs.”

Aziz Chacha
Treasurer

2022 Overview

Overall, 2022 was a good year, with strong growth in total income which increased by 38% YoY to TZS 223 billion. The income growth was attributed to overall good performance across the Treasury business lines, including investments in Government Securities and Trading.

The Government Securities portfolio grew by 12% YoY, supporting to drive interest income growth.

Through enhanced client engagement and enablement, we were able to enhance value propositions in response to customer financial and investment needs. Our focus continued to pay off, with good

growth in overall trading income. Total trading Income rose by 47% YoY to TZS 53 billion, reflecting strong customer activity and increased appetite, with Foreign Exchange income increasing by 43% YoY to TZS 48 billion, while Trading Income rose by 96% YoY to TZS 5.3 billion.

During the year, we continued to invest in our people to enable the team to pursue our strategy and performance objectives. We enrolled our people in key programs to enable them to continually enhance their skill sets, advance their professional careers, and support to future-proof the bank with relevant skills needed for the future.

Looking Ahead

Our confidence is built on a strong foundation of deep expertise and strong capabilities which enable us to address our clients needs. We will continue to leverage on our strong capabilities, maintain focus on optimizing our strong balance sheet, and deepen our engagements with our clients to offer more enhanced solutions tailored to our customers' specific needs.



Digital Transformation

To cement our digitalization commitment as part of our new Medium Term Plan, we continue to make prudent technological investments and have recently adopted a new value innovation. We are creating a digitally-led bank for the future.

Technology Review

Overview

2022 was a good year that saw us continue to make good progress along our digital transformation agenda with several key milestones achieved. During the year, the key areas of focus in our digital transformation agenda included; improving customer-centricity through value-oriented, differentiated services and offerings; driving operational excellence through digitalization and automation to create stronger performance (speed, efficiency, and productivity); enhancing the overall control environment to safeguard digital and information assets; and continuous investments in our people to develop the requisite capabilities and skills. Ensuring overall digital sustainability for a future-ready business was also a key agenda.

We gained good traction along our key objectives, underpinned by consistent strategy delivery to digitally enable our business. Our strategy places our clients at the

core of what we do, along with a strong focus on continuous improvement, to drive further digital transformation across the organization. We remain committed to providing a great client experience and sustainable value to stakeholders, embed leading risk management practices, optimize IT organizational efficiency, and create a vibrant and high-performing team of professionals.

Responding to Changing Customer Needs

Leveraging technology will remain at the heart of enabling the Bank's strategy, and is pivotal for us to remain relevant and competitive. A key pillar of our strategy is to be responsive to fast-evolving client behaviors to ensure we deliver innovative and safe solutions to enable a superior client experience.

In 2022, we maintained focus on responding to changing consumer demands with agility and scale. To do so,

we continued to enhance our digital platforms to ensure a great experience for our customers, boosting efficiency, effectiveness, and productivity in our day-to-day operations. Our strategic investments in key systems, including an enhanced core banking platform, continue to make good progress in overall implementation. These platforms are a core component of our IT backbone and will lead to enhanced capabilities including for client management, and payment and transactional processing, as well as other key capabilities.

We are encouraged by the progress on our key strategic initiatives and are confident that our investments will boost our overall ability to respond to client needs faster and continue to deliver leading digital banking solutions, driving benefits for our client-focused strategy, agility, integration of operations and risk optimization.

We continued to enhance our ways of working towards driving a more agile mindset and



"2022 was a good year that saw us continue to make good progress along our digital transformation agenda."

Kwame Makundi
Chief Technology & Digital Transformation



delivery model to continuously deliver value to our clients. We worked closely with and supported our businesses to introduce pioneering, digitally-led solutions to the market, including digital micro loans (Mshiko Fasta), and enhanced Agency Banking model (Pesa Wakala) and QR payments solutions (Lipa Mkononi), in response to our customers' changing needs.

We remain committed towards further embedding agile in our ways of working to deliver what matters to clients, make decisions based on data, provide continuous improvement, innovation, simplicity, and safety.

Further Safeguarding Assets through Enhanced Cybersecurity

Continued advances in digitization bring with it the growing risk of cybercrime. As cyber related crimes continue to challenge the global industry, we continue to enhance our focus and accelerate efforts towards the further development of our cybersecurity capabilities.

We continued to enhance our cybersecurity agenda with an emphasis on accelerating the delivery of security capabilities

to counter the growing sophistication of cybercrime. We have made good progress during the year in enhancing security technologies to protect its information and technology assets, with further key initiatives in place to enhance security defenses in response to cybersecurity risk. We also continued to upskill and enhance our cybersecurity team to bolster the organization's capabilities, for today and for the future. This is an area that we take extremely seriously and is considered a top priority.

As the bank continues to embrace digital transformation, we remain committed to implementing robust cybersecurity controls and practices across the bank to maintain a secure and trusted environment for our customers and our stakeholders.

Widening Digital Inclusion: Driving Innovation Through Partnerships

In 2018, the bank embarked on a journey to drive financial inclusion through partnerships with Fintech Companies. Our goal is to break the technological barrier that was driven by absence of a ready-to-test

environment for Fintechs (of all stages) where they could validate their ideas.

Our initiative aimed at providing a regulatory umbrella for start-up companies seeking regulatory (Bank of Tanzania) approval to launch innovative financial solutions to the market. Through partnership with NMB, start-ups are provided an avenue from which to scale their innovations through:

- Fast track innovation
- Reduce product time to market
- Allow experimentation with minimum cost

Beyond this, we provide technical training and support for Fintechs to enhance their market readiness. By 2022, we have already enabled over 200 start-up companies to test on our sandbox and are currently in discussion to move some of them to our pre-production and production environment.

This is a significant accomplishment as we are the first bank in Tanzania to embark on this journey. Through this initiatives, we are supporting to build a skilled workforce, for today and the future, paving way for further development

of technology solutions and expertise in while fostering innovation in the country.

Enhancing Service Management

Quality of service which includes availability, reliability, and security remains our top priority. In 2022, we continued focus on ensuring high critical systems uptime by ensuring the resilience of systems and through identification of issues, prioritization, and ensuring timely resolution. Our focus continues to yield positive results, with an average of 99% critical systems uptime in 2022. We continue to maintain our focus on optimal network performance and service availability to ensure continuous uptime of business-critical services.

Increased efficiency through digitization remained a key area of focus. During the year, we continued to leverage on digital technologies to enhance speed and overall productivity of our operations. The ServiceDesk solution was enhanced with deeper capabilities which enabled business process digitalization through integration of workflow capabilities. The enhanced solutions have led to more streamlined processes, faster delivery times and improved TAT, as well as improved customer experiences.

Technology Infrastructure


We continued to drive architecture governance excellence to enhance our IT estate and provide continued system stability, security, and stronger capabilities. During the year, we successfully updated our power systems at our data

center to ensure continued resilience and enhanced recovery abilities. In line with our customer-centricity focus, the contact center system underwent a minor upgraded to enhance features and automation, and support customers queries channeled through contact center from different channels (including direct calls or social media.) Further, a network infrastructure review was done to 132 branches across the network to ensure improved service availability of critical business channels and overall improved customer experience.

Driving Digital Sustainability as Foundation of Excellence

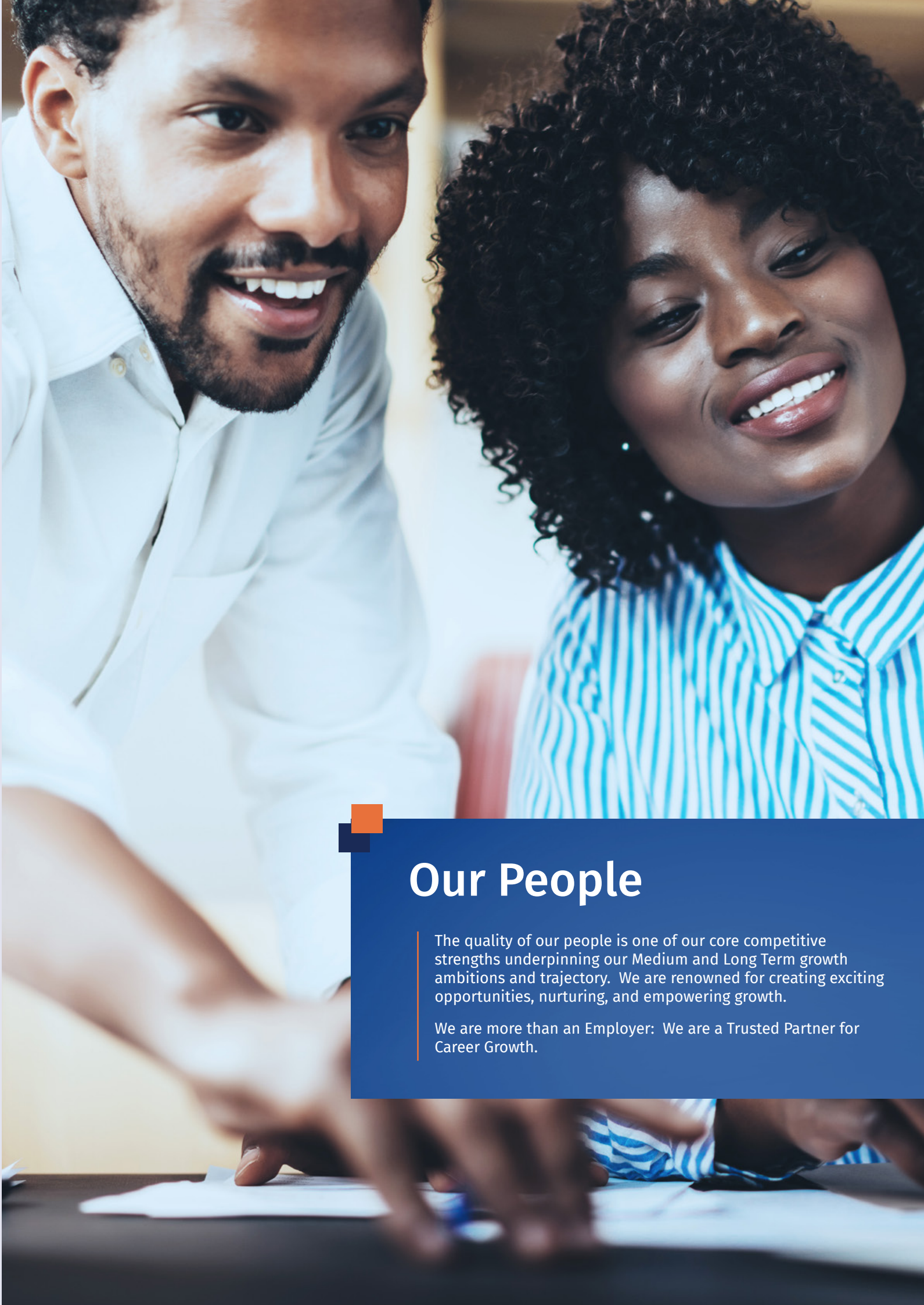
An engaged workforce is a key factor in the successful delivery of our sustainable growth objectives. In line with our ambitions, we continued to ensure a strong drive to enhance the overall working environment to drive a highly engaged and productive workforce. Several initiatives support this, including extensive investments in reskilling for the future by building staff capabilities.

During the year, we continued to invest heavily in upskilling our staff on various aspects of Data Management, Data Governance, and Data Science to enhance overall skillsets which will be crucial to enabling the business of the future. We also continued to boost the depth of our teams through enhanced attraction and retention strategies to ensure a strong pool of data scientists and engineers who will remain critical to our ability to serve the future needs of our stakeholders. Staff professional development remains a key priority to ensure the bank continues to elevate the skills necessary to operate in the future.

 Looking Ahead

Our ambition remains to be a strong digital enabler to every aspect of our business. Looking ahead, we will continue to lay emphasis on disciplined execution of our strategic initiatives to drive strong value-creation and outcomes for our stakeholders, by leveraging and enhancing our strong digital capabilities to drive continued digital transformation and client excellence.

We look forward to serving you even better in 2023.



Our People

The quality of our people is one of our core competitive strengths underpinning our Medium and Long Term growth ambitions and trajectory. We are renowned for creating exciting opportunities, nurturing, and empowering growth.

We are more than an Employer: We are a Trusted Partner for Career Growth.

People

We are the Best Employer: Renowned for Nurturing and Empowering Growth.

Summary of 2022 highlights

Cemented our Position as a Top Employer of Choice in Tanzania:

- NMB Bank emerged as the overall winner of the Employer of the Year Award organized by the Association of Tanzania Employers (ATE).
- NMB Bank won 2022 Best Employer Large Organization category and Best Employer Private sector- ATE Employer of the Year Award (ATE).
- NMB Bank was recognized as the Best Employer Brand Africa 2022 by Employer Branding Institution
- In recognition for our efforts in championing Gender Empowerment we were recognized by Accenture as the Overall Winner of East Africa Gender Mainstreaming Awards 2022.
- We attained EDGE (Assess) Certification for gender equality at work place.
- Our CEO, Ms. Ruth Zaipuna was named as the African Banking CEO of the Year 2022 by (BII World); the World Economic Magazine and the Financial Women Awards.
- She also scooped the most coveted African Business Leadership Commendation Award 2022 (by the Arica Summit).

Our 4 pillar priorities in 2023

- Transforming our organization: Accelerate implementation of Culture Transformation Programme and Critical Change Management Plans.
- Enriching our Workforce: Delivering strategic Training programmes to create a 'Fit for Purpose' and 'Fit for Growth' Employee base.
- Creating Leaders of the Future: Create a strong pipeline of future leaders through succession planning and talent incubation programs.
- Leverage on our position as employer of choice to strengthen employee experience by offering best of class products and services.



“We remain committed to providing the best employee experience that meets the evolving expectations of our colleagues.”

Emmanuel Akonaay
Chief Human Resources Officer

Employees

Staff

3,544

Women

48%

Women in leadership

31%

With an employee base of 3,544, whereby women represent over 48% of the total staff population, the diversity of our workforce is a unique strength and a core tenet that makes NMB Bank distinctive.

We are a bank that is renowned for creating exciting opportunities, nurturing, and empowering growth. We are more than an employer. We are a trusted partner for career growth.

We remain committed to providing the best employee experience that meets the evolving expectation of our colleagues. We recognize that different perspectives foster innovation, and we work hard to sustain an open and collaborative working environment, whereby everyone’s views are respected and valued. We also provide relevant and meaningful learning opportunities to upskill and create in-demand capabilities that are critical now and will be needed in the future.

Our talent strategy

Internal mobility/hires

64%

(2021: 63%)

Employee retention rate

97.5%

(2021: 63%)

Internal hires by gender

59% 41%

(2021: Male - 67% Female - 33%)

The ability to attract, develop, and retain top talent is key to the delivery of our strategic objectives and the success of our organization over the longer-run. Our Talent Acquisition Management team ensure the alignment of the Bank’s talent strategy with changing needs by analyzing, forecasting, and planning future business demands, and considering whether internal or outside talent can meet those requirements. The team actively collaborate with the bank’s Leadership to perform strategic talent planning that ensures that the bank has the right competencies and the right individuals.





Graduate Trainees

The Management Trainee (MT) programme plays a critical role in ensuring there is a strong pipeline of young professionals with the skills required to drive the bank's strategic agenda both in the medium and the long-term. The programme is targeting talented young and energetic professionals who are keen to work on building critical competencies required in fast, dynamic, and agile banking sector. They are important source of our talent, and in 2020-2022, we onboarded more than 10 graduates on our flagship Graduate Programme: Management Trainee Programme (MT) Programme.

At NMB Bank, we aim to have a positive impact on graduates' career choices and direction by having conversations with them focused on their strengths, and the strategic direction of the bank, both in the medium and the longer-term. Currently, we are also expanding the ways in which we engage with candidates world-wide through launching our careers fairs on select countries worldwide as well as leveraging on on-campus university fairs within Tanzania. By doing so, we have increased awareness of available career opportunities and deepened understanding of the bank's Purpose, its Employee Value Proposition and what it means to work for NMB Bank.

We enroll talented students in this programme and involve them in ongoing projects. Our Trainees are mentored by our leading professionals- middle and senior management within the Bank.

Programme Outline:

- The graduates undergo a two-year practical orientation in banking and a fast track of skills development for them to take up identified key roles within the bank and for succession planning.
- An intensive 3-month long Branch placement (Branch understudy program) for all MTs to give first-hand customer management experience and gain a deeper understanding of Retail Operations, which is the core business of the Bank.
- An intensive 10-month long Business unit placement/ rotation in order to provide the MTs with a sound grounding in banking and a broad understanding of key business processes.
- An interactive 10- weeks long Support Function placement to provide the MTs with good understanding of support functions activities, operations, and critical responsibilities towards driving the bank's strategic purpose.
- 6 months of Business/ Support Function final placement in line with MTs core strengths.
- The program design is aimed to create stretch assignments for the MTs and ensure they make tangible contributions and develop critical competencies in each area of the bank.
- MTs will receive structured and targeted leadership development through trainings, and continuous mentoring and coaching programmes.
- Upon successfully finalization of the

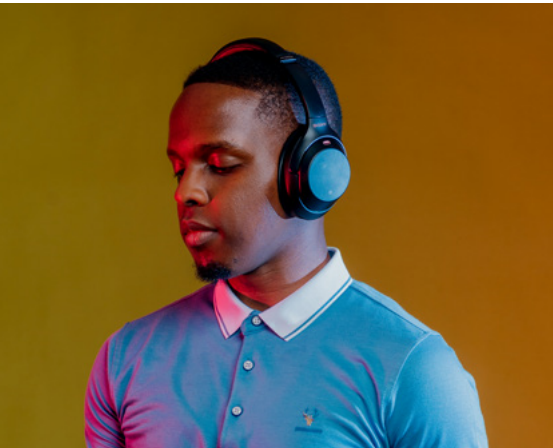
Programme, successfully MTs will be appointed to specialized positions at the end of the program. Such appointments are subject to demonstration of strong performance and Living of the NMB Values.

10

Undergraduates selected and involved in the programme in 2020-22 (5 undergraduates in 2018-20)

8

Candidates from the 2020-22 cohort have become full- time employees of the Bank.



Transforming our culture

One of our strategic priorities that is at the heart of our business is to transform into an aspirational and vibrant place to work which is critical to delivering exceptional customer experiences and superior performance. In 2022, we intensified our culture transformation journey as we continued to make good progress along key strategic interventions.

The programme aims at ensuring that the Bank embodies a culture where all employees are fully engaged, feel valued and excel in contributing to the overall mission of the Bank. It specifically focuses on assessing the existing culture; identifying gaps and opportunities for improvement; and recommending an effective culture transformation plan for the Bank, which will enable the Bank to achieve the desired culture, through several interventions.

Our holistic culture transformation includes new ways of working, redefined processes, new skills requirements, and new leadership behaviours.



Business growth through diversity and inclusion

NMB Bank prides itself on being an inclusive organization, one that reflects the diversity of the clients, our communities, and stakeholders we serve every day. This proactive diversity and inclusion commitment has translated into concrete initiatives which continue to progress very well.

Through a clear vision and bold commitments, well executed over time, we are making significant strides towards achieving the noble aspiration of creating a strong pipeline of future female leaders. Our

Career Development Program, centered around diversity and inclusion (D&I), and purposeful championing for a succession plan that has strong and fair women representation, is creating a strong female leaders' pipeline to reflect a modern organization.

Each year, we are making notable progress towards driving greater gender diversity, with female staff currently accounting to more than 48% of the total workforce and more than 31% of Leadership positions. This progress is encouraging.



International Awards:

Reflective of our growing reputation for driving meaningful change and progress in Diversity & Inclusion within the African Region, in 2022, during the 10th Accenture Gender Mainstreaming Awards, the bank was recognized as:

- East Africa Gender Mainstreaming Champion
- East Africa Winner, Empowerment of Women in the Community
- Category Winner, Empowerment of Women the Community
- 2nd Finalist, Women Economic Empowerment

Workplace Gender Equality Certification:

We are also proud to become the first financial institution in Africa to gain workplace gender equality certification using a global assessment methodology, the Economic Dividends for Gender Equality (EDGE).. The certificate demonstrates our commitment to advancing gender parity in Tanzania and across the globe.

Launched at the World Economic Forum (WEF) in 2011, EDGE is the leading business certification standard for evaluating corporate commitment to gender equality. This certification recognizes the bank's people and diversity, equity & inclusion, and strategic commitment. These metrics are measured in terms of policies and practices across five key areas including equal pay, recruitment, and promotion; leadership development training and mentoring; flexible working and organizational culture. Around 30.1% of NMB Bank's 3500 employees were independently surveyed on gender equality.

During the assessment process, the bank was highly commended on its robust and effective institutional framework of policies and practices that showcases progress in equal representation, pay equity, and equitable recruitment and promotion.



Employee relations

We strive to ensure that we create a harmonious working environment underpinned by Shared Values and a body of high ethical standards. Our employee relations function is responsible for providing technical regulatory support across the bank, ensuring greater alignment of our people-governance policies while also promoting best-in class employment practices. Creating a safe and vibrant workplace



where employee feel safe, valued and empowered remains a key priority for us.

Our Code of Conduct has been developed to help all of us live the NMB values in everything we do, every day. The Code of Conduct sets out the fundamental principles and aspires to guide staff on how to practice the highest standards of ethics and integrity. In essence, it outlines what is expected from all Staff regardless of their rank, in terms of acceptable behavior and actions.



Summary

In 2022, our people strategy remained consistent and focused on enabling sustained performance through an exceptional employee experience. We have maintained employee engagement scores at around 74%, considerably strengthened our talent pool and leadership capability, and further accelerated implementation of our culture transformation programme. Focused culture transformation interventions have enabled us to make a tangible difference to our employees' experience, hence cementing our position as the Best Employer in Tanzania.

We believe that our focus on talent acquisition and retention, and the on-going creation of a performance-based organization will continue to distinguish us with the rest in years to come.

We are committed to remain a Trusted Partner for Growth.



Sustainability Focus

In recognition of our responsibilities as a vehicle for social economic prosperity in Tanzania, our goals extend beyond economic and financial dimensions to include critical Environmental, Social, and Governance considerations.

Sustainability

Our long-term value creation purpose.

At NMB Bank we believe that corporations have a critical role to play in ensuring sustainable socio-economic development and prosperity. We firmly believe that by ensuring sustainability of our operations, strengthening our clients’ relations, and accelerating our social impact investments, we will continue to be an important vehicle for long-term value creation in Tanzania. Our ambition is to be the leading bank in the country, in driving the overall Sustainability agenda.



Our priorities are:

- To be an organization that contributes positively to the country’s sustainable economic growth agenda.
- To be a responsible organization with a great sense of social and environmental responsibility and stewardship.
- To drive shared value through community impact investments.

We have structured this Sustainability report by looking at our entity model, in terms of the inputs; material issues driving our strategy, our impacts (positive and negative), and how they respond to the needs of our key stakeholders.

It is our great hope that this report will be useful to our existing and prospective investors, but also for our diverse range of other stakeholders, and provide them with accountability measures, transparency and a clear picture of the issues that affect us the most.

We are a vehicle of economic growth and prosperity

Sustainable Economic Growth	Environmental Stewardship	Community Investments	Robust Governance & Risk Management
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Our Objectives

At NMB Bank, we are committed to providing financial products and solutions that supports sustainable economic growth.	We are committed to embedding sustainability considerations and objectives into our business strategy and actively manage social and environmental risks associated with our various business engagements.	We firmly believe in acting as a responsible corporate citizen by investing in the communities in which we operate through various social programs.	To do business in line with the highest standards of corporate governance and highest ethical principles and effectively manage risks, including. Climate-related and other E&S risks in our loan portfolio
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Our Material Issues

<ul style="list-style-type: none">• Access to finance to all• Financial inclusion and empowerment• Job creation• Products innovation• SME and agriculture sectors financing• Customer protection and satisfaction	<ul style="list-style-type: none">• Climate action• Energy efficiency• Clean energy transition• Waste management• Agriculture support	<ul style="list-style-type: none">• Health• Education• Financial Literacy• Entrepreneurship	<ul style="list-style-type: none">• Ethical business• Regulatory and legal compliance• Enterprise risk management Human rights• Climate, environmental and social management of loan portfolio• Financial crime
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UN Sustainable Development Goals



Key Performance Indicators

<ul style="list-style-type: none">• Loans disbursements• Number of Accounts• Jasiri Bond Impact	<ul style="list-style-type: none">• Energy savings• Capacity building and Thought Leadership• Climate Initiatives	<ul style="list-style-type: none">• Reach: Students benefited from Nuru Yangu scholarship• Number of schools reached.• Number of hospitals reached.	<ul style="list-style-type: none">• Key risk indicators within risk appetite (as defined by the Risk Committee)
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Our Material Issues

Material Issues

Definition	Identification	Response
An issue is material if it has potential capacity to affect the bank’s strategy execution, with impact on performance and the bank’s ability to create value in the short, medium, or long-term. We identify material issues so that we can make informed decisions on risks and opportunities inherent to our business.	The process of identifying and determining matters that are material to the Company and our stakeholders is dynamic and is based on formal and informal stakeholder feedback, as well as integrated sustainability thinking.	In response to these material issues, our strategy is designed to mitigate such risks and create sustainable value to our stakeholders in the short, medium, and longer term. Our material matters and key strategic areas, including short- to medium-term execution areas and targets are discussed in this report.

Uncertainty in the future macro-economic conditions

Owing to prudential policy reforms, Tanzania has been a macro-economic success story for nearly two decades. However, headwinds emanating from global operating landscape (notably, impacts of Russia-Ukraine war), poses downside risk to country’s short-term growth prospects. Nevertheless, a recovering tourism sector, sustained public investment, accommodative monetary policy, and ongoing government expenditure in the infrastructure sector will sustain Tanzania’s economic growth in 2023.

How we are responding

We continue to monitor our macro-economic landscape by identifying risks, opportunities and taking necessary strategic actions requisite for sustainable growth.

We model certain scenarios and conduct stress-tests to ensure that the Bank is well positioned to respond to potential macro-economic challenges.

We take a closer look at the impact of Russia-Ukraine war on the economy, and individual businesses, with a view of taking mitigating actions to sustain the bank’s growth trajectory.

Increased competition and evolving customer trends

The competition within the banking industry in Tanzania as customer demands, and technological disruptions intensify. Banks will now compete on their capability to interpret customer needs, provide solutions through

innovative and cutting-edge product and services, and deliver this through technological advancements. There will also now be a greater focus on non-funded income as banks focus on revenue generated from fees and commissions which are heavily reliant on the ability to satisfy and exceed customer expectations. We also continue to face competition from FinTech’s whose core strength is innovation but are comparatively less regulated in comparison to the banking sector.

How we are responding

- We actively monitor changes in customer preferences, products, technologies, and distribution channels and continuously improve customer experiences with market leading innovation.



- We invest in people and key areas of technology capability that are critical to our value proposition to customers, including cyber-security, digital channels, data and analytics.
- We are investing in emerging technologies to ensure that the way we operate and the solutions we provide to our customers is industry leading.
- We invest in productivity to optimize our cost base and continue to remain competitive for our customers.

Increasing regulatory activity

Given its system importance to the global economy, the financial sector remains one of the most regulated sectors in the world. In Tanzania alike, the Bank of Tanzania continues to play a critical supervisory role to ensure banking sector stability and sustainable growth. For example, in 2022, the Bank of Tanzania issued the Guidelines on Climate Related Risk Management (2022), which seeks to embed climate risk considerations in bank’s operations and risk management frameworks.

How we are responding

- We allocate a material proportion of our investment budget to regulatory compliance and risk prevention initiatives and engage with policy makers and communities to advocate for appropriate regulatory reform.
- We maintain constructive and proactive relationships with key regulators.

Digital disruption, reliance on innovation and intensified competition

Recent Digital transformation efforts have proven to be of tremendous advantage especially in the challenging circumstances caused by the global COVID-19 pandemic and resultant after-effects. Thanks to our significant investments in digital capabilities, we have been able to serve our valued customers with ease and convenience of banking, hence driving transactional volumes and resultant revenue gains.

Our commitment to innovation has been well recognized through several international awards and accolades, bestowed in recent years: These include:

- Best Innovation Retail Bank in Tanzania 2021 by International Banker Awards
- Best SME Bank in Tanzania 2021 by World Economic Magazine Awards
- Best Investment Bank in Tanzania 2021 by World Economic Magazine Awards
- Best Retail Bank in Tanzania 2021 by International Business Magazine
- Best Innovation in Retail Banking 2022, International Bankers Awards

How we are responding

- We continue to sustain investments in digital and technology.

The War in Ukraine

The ongoing war in Ukraine has dimmed prospects of a post-pandemic economic recovery. The war in Ukraine is another blow to a global economy already suffering from impact of COVID-19 and climate change, inflationary pressures, supply chains disruptions, and heightening cybersecurity risks. The ongoing geo-political conflict poses key downside risks to economies globally including inflationary pressures, supply chain disruptions, asset bubbles and prolonged bull markets. These effects are expected to see global GDP growth, wane in 2023.

How we are responding

- Together with the rest of the world, continues to monitor the unfolding situation between Russia and Ukraine. In 2022, the Board received an update on the potential economic impact of the situation and ongoing sanctions imposed on Belarus and Russia. Processes have been put in place to evaluate and mitigate the risks and impacts on the business in both the short and medium-term.
- Concerning the identification of exposures, banks are reviewing them thoroughly across portfolios – not only direct exposures, but also indirect and contingent exposures, connected clients, collaterals, deposits, etc.





Climate change

The World Bank has estimated that the economic cost of environmental degradation in developing countries has reached four to eight percent of GDP annually. With our operations across every district in Tanzania, we therefore consider climate change as one of the greatest challenges, given its wide-spread and proven impacts on physical environment, human health, and economic growth.



How we are responding

- We continue to evolve our approach in response to emerging risks. In 2022, we started to develop the Bank's climate action strategy, framework, and roadmap, with support from our key strategic partners.
- We are also investing on technical support to drive our commitment towards enhanced climate related disclosures.





Our Impact

Sustainability Highlights








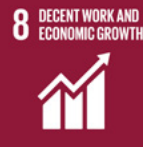

Being the leading bank in Tanzania, we seek to fulfill our goal of being a strategic ally in the economic, and social development of Tanzania. In recognition of our responsibilities as a vehicle for sustainable social-economic prosperity in Tanzania, our goals extend beyond financial dimensions. Our operations are having profound impact on the economy and the broader society, and our services enhances our relevance by creating positive value and impacts on our key stakeholders.




Further, observing the principles of sustainable banking, we continue to promote the United Nations' Sustainable Development Goals (SDGs) through both our provision of products and services and our business operations, all undertaken with a sense of social and environmental responsibility and stewardship. Our sustainability impact is highlighted by focusing on the following areas of commitment:

- Promoting employment through job-creation.

- Increasing women and youth participation in businesses and promoting gender equality.
- Improving sustainability of the environment and natural resources.
- Supporting growth and development of Agriculture sector.
- Improving access to finance to widen financial inclusion; and
- Improving overall access to education and healthcare.

Category	Parameter measured/monitored	Progress made	SDG Mapping
Environmental/Climate			
Climate Action	Climate Action Conferences supported (COP27)	1	13 CLIMATE ACTION
	Number of dustbins supported to enhance clean environment	≥150	
Energy Efficiency	Electrical energy consumption reduction	12%	
	Number of branches using LED lighting	Over 150	
	Use of LED lighting adoption at HQ and Training Centre	100%	
	Water management- percentage of water use reduction	n/a	
Clean Energy Transition	Number of Motor Vehicles converted to use CNG	2	2 ZERO HUNGER
Recycling & Waste Management	Volume of paper waste recycled	n/a	
Agricultural Support	Number of Agricultural Loans provided	10,734	
	Value of Agricultural loans	TZS 558 bln	

Category	Parameter measured/monitored	Progress made	SDG Mapping
Social			
Impact to the Community	Value of Corporate Social Responsibility budget spent 2022	TZS 2.9 bln	
	NMB Marathon Donation toward Fistula treatment to women	TZS 600 mln	
Education Impact through Foundation	Number of Scholarship offered	65	
Diversity, Equality and Inclusion (DEI)	Percentage of Women employees in the total workforce	48%	
	Percentage of women in Senior Leadership positions	31%	
	Percentage of Youth in the workforce (Below 35 years)	32%	
	Number of Staff with Disabilities	12	
	Certified as EDGE Access for upholding Gender Equality at workplace	Edge (Assess) Certified	
Women Proposition (Jasiri) statistics	Number of NMB customers who are women	1,964,048	
	Percentage of women in Senior Leadership positions	31%	
	Number of youth customers	2,765,106	
	Percentage of Youth active customers	46%	
	Number of youth reached through the GO NMB programme	Over 503,000	
	Number of women reached through the Jasiri Business Clubs and provided Financial Literacy	4000	
Jasiri Bond Issuance	Social Bond Framework developed	1	
	Value of Jasiri Bond proceeds disbursed	TZS 74.3 bln	
	Number of Jasiri Loans disbursed to MSE/ SMEs women businesses (data as of 30th September 2022)	1,224	
	Jasiri Bond (Global Awards)	1 (Sustainable Bond of the Year)	

Category	Parameter measured/monitored	Progress made	SDG Mapping
Financial Inclusion	Total number of NMB customers	5,978,886	
	Total Number MSME customers	233,603	
	Total value lend to MSME customers	TZS 690 bln	
	Total Value of transaction through Wakala	TZS 25 tln	
	Total Volume of transactions through Alternate Channels	94%	
Working Conditions	Introduction of Equal Pay Policy	Continuous	
	Upholding the Flexible working Policy	Continuous	
	Upholding the Diversity and Inclusion Policy	Continuous	
	Upholding the Non Discrimination Policy	Continuous	
	Best Employer awards	2	

Governance			
Training and Capacity Building	Number of Bank Leaders trained on Executive Sustainability	72	
	Staff received Senior Women Leadership trainings in 2022	≥10	
Ethical Standards	Number of staff trained on Anti Money Laundering	3927	
	Number of staff trained on the Code of Conduct	4249	
Board Independence and Composition	Percentage of Independent Non-Executive Directors	33%	
	Percentage of Diversity/ Nationalities	3 Nationalities	
Governance	Separation of Risk& Compliance Functions to strengthen governance	100%	
	Upholding Fraud, Anti-Bribery and Corruption Policy	Continuous	



Our Successes

Sustainability related Awards

Jasiri named Sustainable Bond of the Year

Our long-term commitment and strategic ambition are to deliver exceptional experiences through innovative business model, ensuring meaningful value creation and sustainable returns for our stakeholders. Sustainability agenda, therefore, forms the core facet of our organizational purpose. Recently, our debut Social Bond (Gender Issuance) was named Platinum Winner of the Sustainable Bond of the Year Category at the 2022 Global SME Finance Forum Awards.



A slew of Diversity and Inclusion Awards

Recognized as a Champion of Economic Empowerment

- Global Brands Magazine named us as the Best Bank in Tanzania 2022 and Best Agri- Business Bank in Tanzania.
- Accenture, named us as the 2nd Finalist Economic Empowerment
- International Banker Awards named us as the Best Innovation in Retail Banking Tanzania 2022 and Best Private Bank in Tanzania 2022.



Most Innovative Bank in Tanzania

Our remarkable transformation journey and commitment to innovation and service excellence have been well recognized through several local and international awards. In 2022, the Bank won over 23 locally and globally recognized awards from prestigious institutions, all naming and affirming NMB Bank as the leading and most innovative financial solutions provider in Tanzania.

Further, in recognition of our internal commitment to gender equality, we are the first financial institution in Africa to attain the most coveted **EDGE Certification (EDGE Assess)**.

Our efforts in driving exemplary practices focused on women empowerment within the Region were also recognized through the following awards:

1. East Africa Gender Mainstreaming Champion 2022

2. Eat Africa Winner, Empowerment of Women in the Community
3. Category Winner, Empowerment of women in the community
4. 3rd Finalist, Women Empowerment at Workplace
5. 3rd Finalist, Equal Representation and Participation



2023 Priorities

Sustainability related priorities for 2023

In 2023, we will accelerate our transformative journey towards deeper integration of Sustainability agenda (including climate change) as a core facet of the bank's strategy.

10 Points - Sustainability Action Plan:

Climate Action

1. Carbon reduction and Energy Conservation

- Rollout of solar initiative in select pilot branches and offsite ATMs
- Accelerate LED lighting adoption across the bank's premises.
- Reduction of fuel for generators and fleet (millions of litres). Accelerate piloting of the use of alternative fuel sources to power our business vehicles to reduce fossil fuel emissions.
- Rollout of 1 million tree planting initiative

2. Resource Usage

- Promote our target to reduce paper usage through accelerated automations.
- Promote our target to reduce water consumption.

3. Waste Management

- Roll out of recycle bins in all branches.
- Partner with Regional and District offices in the supply of recycle bins.

4. Sustainable Lending

- Revamping of our ESG Strategy& Governance Framework to integrate ESG risks and opportunities in the bank's credit process.

5. Thought Leadership and Volunteerism

- Supporting our suppliers and customers with relevant expertise (training, workshops) to support transition to low carbon economy. To be budgeted as part of CSI budget.
- Increasing the number of Employee Volunteering (manhour).

Sustainable Economic Growth

6. Financial Inclusion and access to finance

- Onboarding of over 1 million new accounts
- Increasing access to finance to the MSME sector.
- Increasing access to finance to the agriculture sector.
- Expanding digital products reach and usage.

7. Sustainable Finance

- Sustain and accelerate our impact on sustainability linked bond instruments and financing.

Community Impact

8. CSI Investments

- Expand our CSI investments by leveraging on the record-setting CSI budget of TZS 6.2 Bn.

Governance

9. Governance Framework

- Continue to enhance our Governance framework to address emerging risks

10. Capacity building

- Continuous development of our Leadership (Board and the Management) through Trainings, and Forums



Workplace Gender Diversity

A new dawn for Gender Equality in the Banking Sector



A mark was set in the year 2022 as NMB cemented the Bank's Gender Equality Leadership in the financial sector. Embracing Gender equality, diversity and inclusion has not only been a business objective for the Bank, but a core culture integrated in all that is done at NMB. Milestones attained continue to signify the Bank's commitment to Gender equality and women economic empowerment in the country.

Globally there is strong evidence; that having women in leadership positions and having

a gender balanced organization contributes to enhanced profitability, innovation, and risk management. NMB provides a work environment where each person is valued for his or her perspectives, skills and talents, is treated respectfully, is able to communicate openly and is encouraged to develop to his or her full potential as a contributor to the success of the bank and the society we serve.

The bank is committed to ensuring an environment of inclusion and organizational equity by leveraging diversity in the workplace. NMB has maintained a near balance

workforce of 48% women to 52 percent men, while the youth composition in the Bank is at 32 percent. Furthermore, the Senior Management team is formed by 31 percent women leaders across different functional units. Training, mentorship and capacity building is a priority for all employees especially women. Remarkably NMB has witnessed increasing growth and steady performance during the tenure led by a woman Chief Executives Officer Ruth Zaipuna, and even her predecessor. The diverse and balanced workforce have highly been attributed to successes and accolades the Bank enjoys.

In September 2022, NMB achieved the Economic Dividends for Gender Equality (EDGE) Access Certification, an International recognition to the Bank for its commitments in Gender equality. The NMB EDGE is the first Certification to be received by a Banking institution in Africa. The endorsement was granted after the Bank successfully completed the intense six-month EDGE gender diagnostic and assessment process verified by International SGS Auditors. EDGE used quantitative and qualitative methods to measure the processes and outcomes of five key drivers of workforce equality: (1) recruitment and promotion practices, (2) leadership development, training, and mentoring, (3) pay equity, (4) flexible working arrangements, and (5) corporate culture. The final assessment results report from EDGE offered the Bank with insights to further strengthen the overall gender equality commitment in the future.

Other key milestones attained in the past year, including introduction of the Equal Pay Policy and Update of the Leave Policy. The Equal pay policy will oversee with time remuneration equity among male and female employees occupying similar roles, a fairly new practice in the African market. With the update in Leave policy, the Bank has further increased some of the leave categories to allow staff ample time through this benefit. Leave days increment have been made in compassionate leave -14 days, twins maternity leave -110 days, paternity leave-7days and introduction of 6weeks maternity paid leave for mothers unqualified to receive maternity leave. Flexible working policy has also continued to support expecting mothers during their pregnancy tenure and staff met with other life challenges and health issues.

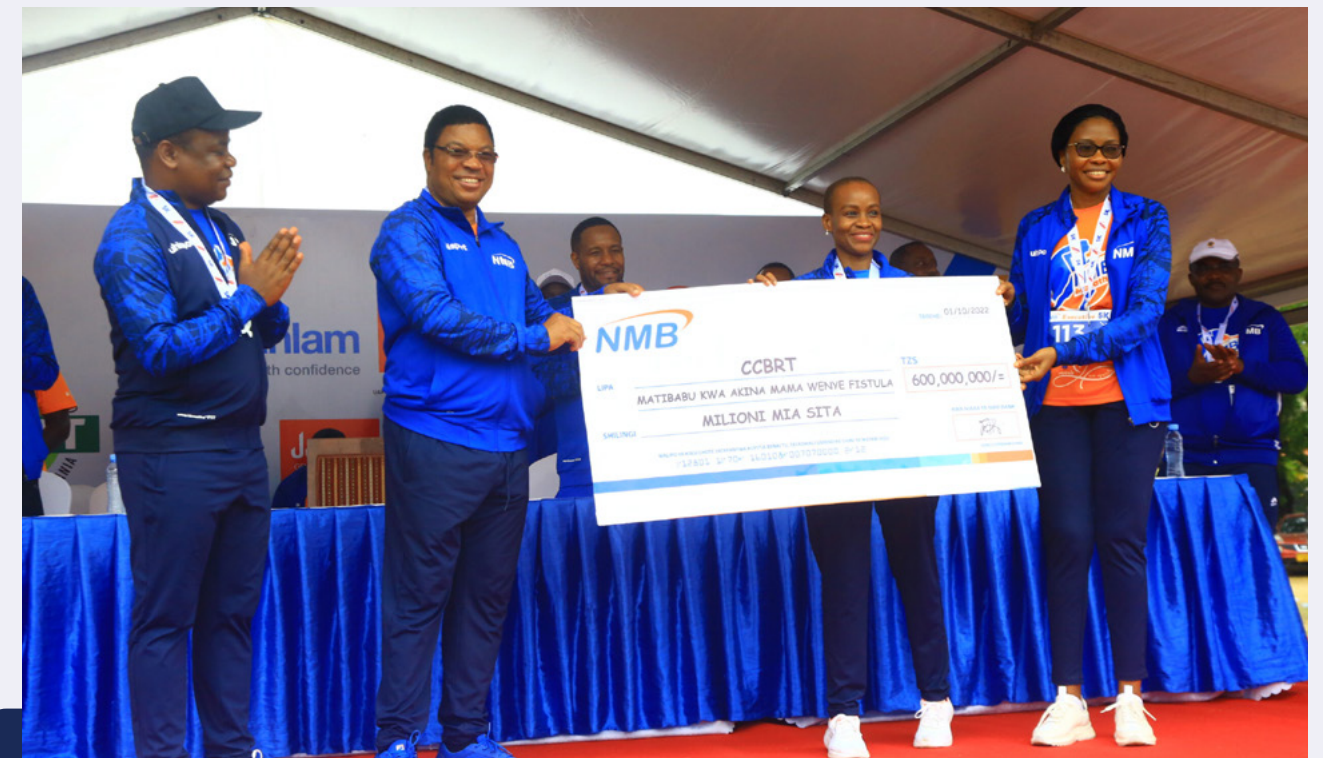
To compliment the strides the bank is making in fostering Gender equality and inclusion

with its employees and customers, NMB received numerous accolades and recognitions in the past year. In the 10th Accenture Gender Mainstreaming Awards held in Nairobi, NMB scooped Nine (9) Awards in total including the top award of being the East African Region Gender Equality Champion. Locally, the Bank won the 2022 WIMA Gender Equality Award, The Citizen Rising Woman Award to mention a few. The Bank also received the prestigious ATE 2022 Employee of the year award overall, for its effort in maintaining a conducive and health working environment.

NMB is looking forward to an even more fruitful year to come in upholding gender equality, diversity and inclusion. The Bank will continue to ensure each staff experiences a safe, conducive and health working environment where they feel valued, respected and heard.



NMB Mwendo wa Upendo Marathon



The NMB Mwendo wa Upendo Marathon, which raised TZS 1 billion to support treatment of fistula patients at CCBRT, came about in February 2021 when CEO Ruth Zaipuna had a touching encounter with women suffering from the obstetric condition at the facility.

"The Mwendo wa Upendo Marathon partnership with NMB began when my friend Ruth made a courtesy call to CCBRT. She visited the fistula ward and was touched by real life testimonials from fistula patients. As a bank, NMB decided to do something sustainable to address the challenge," CCBRT CEO Brenda Msangi said.

According to her, NMB is the first corporate to table a multi-year commitment to raise TZS 1 billion in a span of 2 years. The first 'Mwendo wa Upendo' marathon, which was held in September 2021, managed to raise TZS 400 million and in 2022 the remaining TZS 600 was garnered. The two events were graced by Prime Minister Kassim Majaliwa.

"CCBRT used the funds to spread education on fistula in 13 regions, create awareness about the disease using 20 community radios as well as footing treatment bills, which also comprise the costs of transporting and accommodating the victims. In 2022 alone, about 475 surgeries were carried out," she added. According to Ms

Msangi, TZS 4 million is required to treat a single woman suffering from the malady.

On NMB celebrating its 25 years of serving the country, Ms. Msangi commended the bank for the outstanding work it continues to do to support national socio-economic development efforts while at the same time supporting communities where it operates in through corporate social investments.

"We are extremely proud of what NMB has done as a responsible corporate citizen and we encourage it to continue working with solid partners in undertaking impactful and sustainable social projects in the years to come," she noted.

A person in a dark suit is seated at a desk, writing in a notepad with a pen. In the foreground, a wooden gavel with a gold band rests on a wooden block. The background is a blurred office setting with windows and papers.

Corporate Governance

The Bank's governing committees define our corporate strategy. The Board of Directors is responsible for promoting the Bank's long-term success and delivering sustainable value. It establishes the Bank's strategic direction in consideration to the interests of the company and its stakeholders. The Management team is responsible for execution of the bank's strategy to drive sustainable performance and strong value creation.



Dear Shareholders,

Over the course of 2022, despite challenging global circumstances, we have endeavored to hold true to our values and belief that high standards of corporate governance are a key contributor to the long term success of the bank. We remain steadfast to our commitment of taking long-term approach to decision making, with the creation of lasting value for our stakeholders at the heart of Board's operations.

Our commitment to sound and effective governance was driven by an appropriate governance framework. During the year we have continued to operate in accordance with the Principles of Good Governance. The Bank is also committed to complying with applicable Code of Governance Practices, Guidelines and Statutory Corporate Governance requirements.

During the year we continued to deliver on our key corporate governance commitments. The Board ensured strict adherence to the governance standards set by the Code of Corporate Governance Practices for Listed Companies, 1994 (CMSA Principles of Good Corporate Governance Practices), the Corporate Governance Guidelines as prescribed by the Bank of Tanzania being the primary regulatory authority of NMB Bank as well as the Companies Act, 2002 (CAP 212).

In 2022, the Board continued to take a long-term, strategic, forward-looking approach to refreshing the Board, balancing our need to maintain longevity and stability on the Board whilst ensuring that the Board has requisite skillset and experience to drive long-term success and future-proofing the organization. As part of this plan, during 2022, we announced the appointment of three new Non-Executive Directors (two being Independent Non-Executive Directors): Aziz Dachi (Non-Executive Director), Clement Mwinuka and Ramadhani Mwikalo being Independent Non-Executive Directors (INEDs). The Board of Directors, collectively believe that these appointments have added significant financial, risk management, governance, and technological expertise to the Board. The new Directors bring with them a wealth of international experience in areas of Finance, Audit, and Technology, together with fresh perspectives on Corporate Governance having worked in different markets across the Region and the Globe.

In line with our overarching strategic ambition, during the year, the Board ensured that the ongoing strategic focus on digitalization was maintained, including through prudent investments of technological and data analytics capabilities. The Board reviewed the investments which were being made in information technology and noted good progress with which was achieved in the number of digital users and the number of transactions made through the Bank's Alternative Channels. As of December 2022, total transactions conducted through the Bank's Alternative Channels amounted to 94% of the Bank's total transactions (by volumes).

The Board understands that the bank's operations may have both positive and negative impacts on the economy, community and the environment. We particularly recognize that the bank's potential adverse environmental and socio-economic impacts are both direct and indirect. This clear understanding is critical in our efforts to properly manage our impacts, limiting and mitigating the negative ones, while being a driving force for environmental and socio-economic sustainability.

To ensure strong ESG practices across the organization, in 2022, the bank embarked on a purposeful Sustainability Programme, that seeks to achieve an end-to-end integration of sustainability, and current and emerging ESG risks and opportunities in the Bank's decision making process. The Programme will establish, inter alia, a detailed sustainability strategy and a robust sustainability governance framework to guide implementation, tracking and progress.

The Board remains committed to continue delivering exemplary governance, and firmly believes that high standards of corporate governance across the organization are a key contributor to the long-term success of the bank. We will continue to work diligently with the management to ensure that our high standards extend beyond the boardroom and are implemented throughout the business in the successful delivery of the bank's long-term strategic priorities.

Dr. Edwin P. Mhede
Chairman

A Board of Directors setting our strategic direction

Comprised of members selected for their experience, qualifications, diversity and independence, the Board of Directors guides the strategic direction of the Bank by approving and monitoring effective strategy execution by the Management.



From left to right (standing): George N. Mandepo, Aziz Dachi, Hendrik Reisinger, Benson Mahenya, Ramadhani Mwikalo, Juma Kisaame (sitting): Clement Mwinuka, Dr. Edwin P. Mhede, Consolatha Mosh

8 Directors including 3 INEDs
(one vacant Board position)

3 Independent Directors

14 Meetings Held

38% Independent Directors

3 Nationalities

Board's role & Directors' responsibilities

- Directs the bank in the conduct of its affairs:
- Ensures that corporate responsibility and ethical standards underpin the conduct of NMB's business
 - Provides sound leadership to CEO and the management team
 - Sets the strategic vision, direction, and long-term goals of the bank
 - Ensures that adequate resources are available to meet these objectives

- Bears ultimate responsibility for:
- Governance
 - Strategy
 - Risk management
 - Financial performance
 - Sustainability

Key areas of focus

As part of its statutory and regulatory duties, in 2022, the Board focused on reviewing progress of the Medium-Term Plan (2021-2025) and relevant strategic initiatives, reviewing, and approving governance policies, and overseeing performance and risk.

Four specialised Board Of Directors Committees

The Board of Directors is assisted by four specialized committees. The establishment of the four committees aims at promoting adequate oversight over matters of strategic and regulatory importance.

Audit, Risk & Compliance Committee	Credit Committee	Executive Committee	Human Resources & Remuneration Committee
Chairperson: Clement Mwinuka	Chairperson: Hendrik Reisinger	Chairperson: Juma Kisaame	Chairperson: George Mandepo
Duties: Risk and Compliance: To assist the Board with its overall strategy and appetite for all types of current and future risks and with the supervision of the overall implementation of the strategy. To ensure that the Bank is fully compliant to applicable laws, regulations, and prevailing requirements within the operating jurisdiction. Audit: Responsible for providing oversight of the financial reporting and system of internal controls, audit process and compliance with legal and regulatory requirement.	Duties: The Committee assists the full Board on the management of credit risk by reviewing continuously the credit portfolio, credit standards and Credit Policy.	Duties: The Committee, which is a steering committee for the full Board, has an oversight role over the execution of the Bank's strategy, critical key projects of the Company, provides guidance, supports and mentors management during transitional periods as well as being involved in any crisis situation that may arise within the Company.	Duties: To assist the Board with the appointment of Directors, members of Board committees and with succession planning for Executive Officers; to review and prepare discussions of issues relating to corporate governance and corporate culture.
3 Members 100% Non-Executive Directors 2 INEDs 4 Meetings 100% Avg. attendance rate	3 Members 100% Non-Executive Directors 19 Meetings 100% Avg. attendance rate	3 Members 100% Non-Executive Directors 4 Meetings 60% Avg. attendance rate	3 Members 100% Non-Executive Directors 4 Meetings 60% Avg. attendance rate

2022 focus areas

- Reviewing progress on Medium-Term Plan (2021-2025) and relevant strategic initiatives
- Reviewing and approving Governance policies
- Overseeing performance and risk.



An experienced management team driving the bank's strategy

The Board also delegates authority for the operational management of the Bank's business to the Chief Executive Officer for further delegation by her in respect of matters that are necessary for the effective day-to-day running and management of the business. These delegations aim at creating a desired balance between effective oversight on one hand with appropriate empowerment and accountability of senior executives of the Bank on the other.



From left to right (sitting): Doreen Joseph, Filbert Mponzi, Aziz Chacha, Ezekiel Herman
(standing): Emmanuel Akonaay, Alfred Shao, Benedicto Baragomwa, Kwame Makundi, Ruth Zaipuna, Juma Kimori, Nenyuata Mejooli, Daniel Mbotto

Our Management Committee:

The Management Committee executes the strategy and long-term goals of the Bank. It drives business performance and organizational synergies. It is also responsible for protecting and enhancing our brand and reputation and maximizing stakeholder value.

Governance committees to ensure sustainable growth:

To adequately undertake responsibilities in the day-to-day management of the business, in line with the authority delegated by the Board, the management has established several committees. The management committees include the Executive Management Committee (EXCO), the Assets

and Liabilities Committee (ALCO), the Risk and Compliance Committee (RCC) and the Credit Committee (CREDCO).

12 ExCo Members

25% Female Members including the CEO

Exco changes during the year:

Lilian Komwihangiro left the position of Head of Legal and Company Secretary with effect from 24.08.2022. The appointment of a successor for Lilian will be announced once our succession process has been completed and regulatory approvals have been received.

Changes in the management organisation structure

To strengthen the Bank's risk and governance foundations, in 2022 the Bank separated the Risk and Compliance Functions.

The Chief Risk Officer

Ms. Doreen Joseph has joined the bank, effective 12.09.2022, as the Chief Risk Officer. She is overall responsible for sound monitoring, mitigating and reporting the Bank's business risks, both inherent and on the horizon.

The Chief Compliance Officer

Mr. Ezekiel Herman has joined the bank, effective 03.10.2022, as the Chief Compliance Officer. He is responsible for establishing an effective compliance program to ensure bank's compliance with

laws, regulatory requirements, policies and procedures.

Both the Chief Risk Officer and the Chief Compliance Officer, report directly to the Chief Executive Officer. They have governance responsibility to independently inform the Board directly on matters of material risk to the bank.

+17 Average years of experience of the Management Committee members

Gender equality on the right track

We are a committed pioneer of gender equality. To this end, we have set a goal of achieving by 2025 a minimum representation of 40% of women in Leadership Positions in across the bank. Our diversity policy, coupled with on-going diversity, equity and inclusion initiatives have assisted the bank to make commendable progress. Currently, more than 30% of leadership positions in the bank are held by women. To make further progress, the Bank has introduced an action plan at several levels. Essentially, it

includes a talent management strategy that emphasizes career development support for women, mandatory sessions to raise awareness about gender biases.

1st Bank to in Africa to be EDGE (Assess) Certified

30% Female in leadership positions

38% of management trainees are women

2022 focus areas

- Execution of key strategic initiatives in line with our MTP
- Driving prudent investment decisions in key areas of strategic importance
- Strengthening our risk and governance profile
- Investing and empowering our people to create a fit for purpose and fit for growth organization.
- Expand and deepen our customer offerings in line with our 'customer first commitment'
- Driving the sustainability agenda



Corporate Governance Report

Statement of Compliance with the Tanzania Corporate Governance Code and Guidelines.

The Bank is committed to maintaining standards of corporate governance which enhance performance, reduce risks and promote the protection of our shareholders' interests. The Board recognizes that sound and effective corporate governance is essential to the long-term success of the organization, creating trust and ensuring positive relationships with our stakeholders.

Striving to uphold exemplary governance is a core facet of the bank's governance and strategic intent. We have a comprehensive range of governance committees, policies and procedures designed to ensure alignment with sound corporate governance practices and principles.

The Board of Directors ("Board") of NMB Bank see governance as promoting strategic decision making that balances short, medium, and long-term outcomes, and safeguarding interests of the Organization, and the society in which we operate to create sustainable shared value. The Board has overall responsibility for governance and is accountable to its shareholders. This Governance Report describes how during 2022 the Board has applied the main principles and complied with the relevant provisions to Guidelines on Corporate Governance Practices by Public Listed Companies in Tanzania (1994) and the Banking and Financial Institutions (Corporate Governance) Regulations, 2021.

The Board is committed to the principles of good corporate governance. We regularly review our corporate governance arrangements and practices and have continued to evolve our governance framework and underlying governance structures to reflect evolving good corporate governance norms as well as meeting the needs of the business.

During the year we have undertaken steps to ensure ongoing compliance with the Corporate Governance Code and related Guidelines. Throughout the year ended 31 December 2022, the Company has endeavored to apply the core governance principles and to comply with the provisions of the Code. This statement, and the reports from the Board Committees, set out how we applied and adhered to the Corporate Governance laws, regulations and standards. The Directors' Report also contains information required to be disclosed under the Code of Corporate Governance Practices for Listed Companies (1994) and Disclosure Guidelines and Transparency Rules (DSE Rules, 2022). To the extent necessary, certain information is incorporated into this Report by reference.

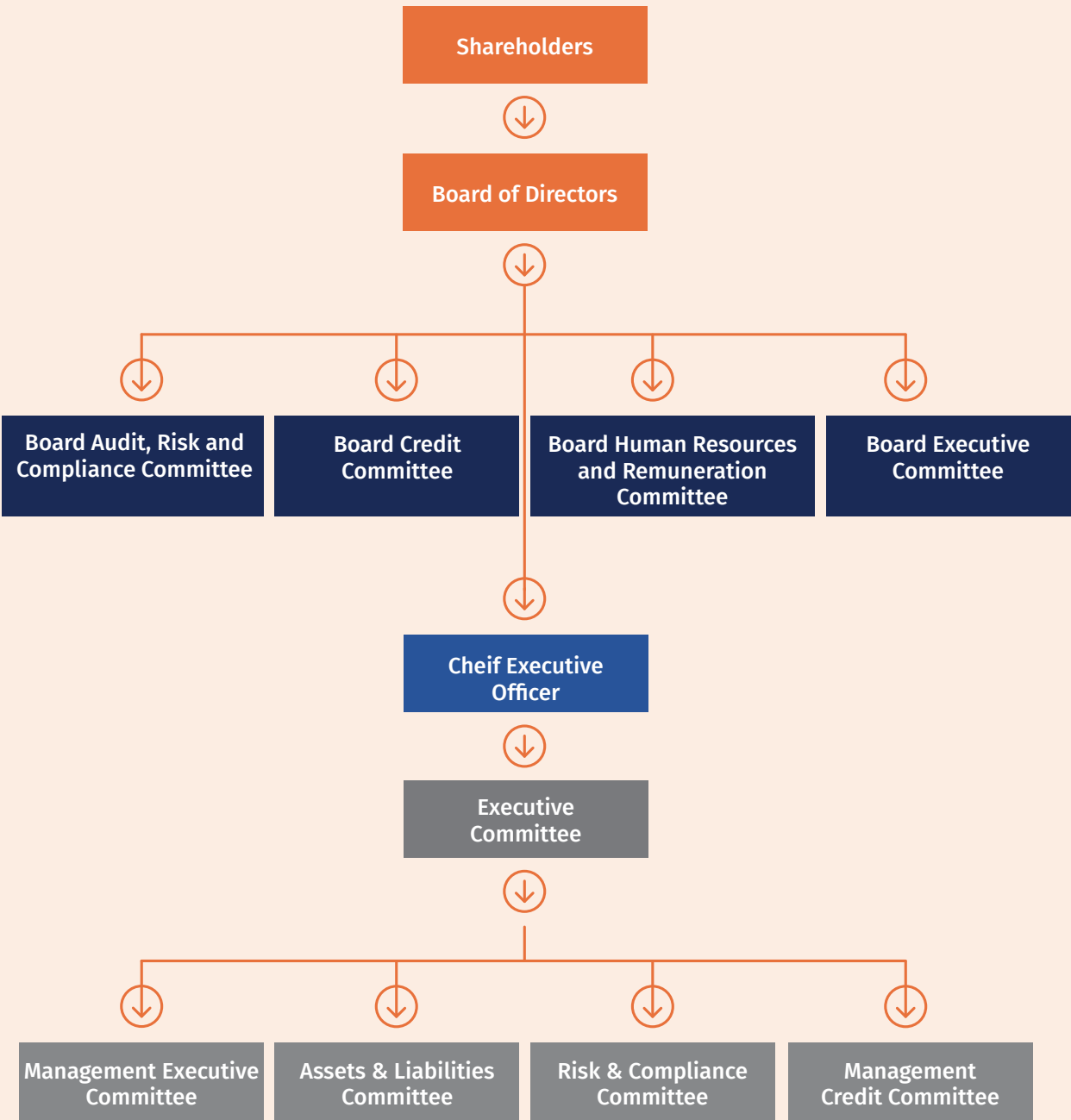


The Bank's Governance Framework

Our corporate governance framework enables the Board to oversee the strategic direction of the organization, financial goals, resource allocation, risk appetite and to hold the executive management accountable for execution.

This statement details the key corporate governance arrangements and practices of NMB Bank Plc and its affiliate companies (hereinafter, the "Bank"). The statement sets out the key components of NMB Bank Plc's corporate governance framework, which

provides guidance to the Board, management and employees and defines the roles, responsibilities and expected behaviors and conduct standards.



NMB Bank's governance structure

NMB Bank Plc is governed by a Board of Directors ("The Board"). The appointment of directors is regulated by the Memorandum and Articles of Association of the Company, as well as the guidelines issued by the Bank of Tanzania (BOT) and the Capital Markets and Securities Authority, pursuant to the Banking and Financial Institutions Act 2006, and the Capital Markets and Securities Act 1994, respectively.

NMB's MEMARTS prescribes that shareholders with more than a 10% stake in the share capital of NMB shall be entitled to nominate one Director for every 10% of the shares held by them. The names are presented to the Annual General Meeting (AGM) for approval and appointments are submitted to BOT for approval.

The Board is accountable to the shareholders for the overall Bank's performance and is collectively responsible for the long-term success of the Bank. The Board is responsible and accountable for providing effective corporate governance, direction, and control of the company. The directors have a duty to exercise leadership, enterprise, integrity and judgment based on transparency, fairness, accountability and responsibility.

The Board is composed of nine Directors, three of whom are Independent Non-Executive Directors. The Board is assisted in fulfilling its responsibilities by four principal committees: Executive Committee, Human Resources and Remuneration Committee, Audit, Risk, and Compliance Committee, and Credit Committee. The committee charters are reviewed annually to

ensure they are aligned with the most recent version of Corporate Governance Laws, Regulations, and Guidelines, and the Committees function effectively. The relevant Committee recommends any amendments to the Board.

The Board Charter

The Board Charter is regularly reviewed by the Board and provides for a clear definition of the roles and responsibilities of the Bank's Chairman, Directors as well as the Company Secretary. The roles and responsibilities of the Bank Chairman and the Chief Executive Officer are separate and distinct with a clear division of responsibility between the running of the Board and the executive responsibility of strategy execution and running of the business.

The role of the Board

The Board is responsible to shareholders and the company for creating and delivering sustainable value through governance and oversight of the bank's business. Among our responsibilities are developing and overseeing the execution of the bank's strategy within a framework of effective risk management and internal controls, demonstrating ethical leadership and upholding corporate governance best practice.

The Board recognizes its duties under the Tanzania's Companies Act, 2002 (Companies Act, 2002) to promote the long-term success of the Company, taking into account not only the views and interests of our shareholders but also our various stakeholders, such as our

employees, our customers, the environment and our community.

Each Director individually recognizes that they have a statutory duty to take into account and represent the Company's various stakeholders in deliberations and decision-making.

The Board monitors the execution of strategy and financial performance by management. As a Board, we recognize the need to ensure that management strikes the right balance between delivering on short-term objectives and ensuring sustainable long-term growth.

The Board delegates authority for the day-to-day management of the business to the CEO. The CEO, in turn, delegates authority, as permitted under the corporate governance framework, to the Executive Management of the Bank.

Operation of the Board

The Board usually meets four times a year. In 2022, following a two-year period of virtual board meetings due to the global COVID-19 pandemic and resultant travel restrictions, physical board meetings resumed in May 2022, whereby the Board met in person for the first time since the COVID-19 pandemic.

The Board's responsibilities include:

- Promoting the Bank's long-term success and delivering sustainable value to shareholders.
- Establishing and approving the Bank's strategic and financial plans to be implemented by management.

- Setting the Bank's risk appetite and monitoring the Bank's risk profile.
- Overseeing the Risk Management Framework and its operation by management.
- Approving capital expenditure for material transactions.
- Reviewing succession planning for the management team and makes senior executive appointments, organizational changes, and high-level remuneration issues.
- Providing oversight over performance against targets and strategic objectives.

- Providing oversight over reporting to shareholders on the direction, governance, and performance of the Bank as well as other material events that require reporting and disclosure.
- Managing Environmental, Social and Governance (ESG) and Sustainability reporting.

Separation of roles and responsibilities

The role of Board Chairman is separate from that of the Chief Executive Officer. There is a clear division of responsibilities between the leadership of the Board by the Board Chairman, and the executive responsibility

for day-to-day management of the Bank's business, which is undertaken by the bank's Chief Executive Officer.

Board Chairman is responsible for the strategic leadership of the Board and is pivotal in creating conditions for the overall effectiveness of the Board. The Chairman plays a pivotal role in fostering constructive dialogue between shareholders, the Board and management at the Annual General Meeting and other shareholder meetings.

Chairman	<ul style="list-style-type: none">• Responsible for leading the Board, its effectiveness and setting high governance standards.• To ensure effective communication with shareholders and, where appropriate, the stakeholders.• Upholding rigorous standards of preparation for meetings and ensuring that decisions by the Board are executed.
Non-Executive Directors	<ul style="list-style-type: none">• Responsible for ensuring that the Bank has in place proper internal controls as well as a robust system of risk management.• To support the development of proposals on strategy, hold management to account and ensure that they discharge their responsibilities properly, while creating the right culture to encourage constructive challenge.
Chief Executive Officer	<ul style="list-style-type: none">• Responsible for the executive responsibilities for day-to-day management of the Bank's business.• Recommending Bank strategy to the Board and ensuring that the strategic objectives and Board's directives are implemented through the Executive Committee.
Company Secretary	<ul style="list-style-type: none">• Provides support and guidance to the Board in matters relating to governance and ethical practices.• Also responsible for induction programs of new directors, keeping board members abreast of relevant changes in legislation and governance principles.



Authority and Delegation

To ensure that the Board meets its responsibilities, certain key decisions can only be approved by the Board. The Board’s Charter sets out the Board authority and matters reserved for determination and approval by the Board of Directors. These include decisions concerning strategic direction, medium to long-term objectives of the Bank, capital discussions, financial planning and financial budgets, material contractual arrangements and regulatory approvals. Matters related to the approval of various governing policies, risk management framework and the overall risk appetite of the Bank are also Board reserve matters. In line with Clause 3.0 of the Capital Markets and Securities Act, 1994 (hereinafter, the CMSA Guidelines

on Corporate Governance) the Board delegates certain other responsibilities to its committees to assist it in carrying out its function of ensuring effective independent oversight and stewardship. Each standing Board committee is chaired by a non-executive Board member and has a remit to cover specific topics in accordance with their respective terms of reference. Further details of the Board committees including their respective roles, key responsibilities, composition, and membership are provided in the subsequent sections of the report. The Board also delegates authority for the operational management of the bank’s

business to the Chief Executive Officer for further delegation in respect of matters that are necessary for the effective day-to-day running and management of the business. The Board holds the Chief Executive Officer accountable in discharging her delegated responsibilities. The scope of, and limitations to, these delegations are clearly documented in various policies and cover areas such as operating expenditure, capital expenditure and investments. These delegations aim at creating a desired balance between effective oversight on one hand with appropriate empowerment and accountability of senior executives of the Bank on the other.

Board				
Audit, Risk & Compliance Committee	HR & Remuneration Committee	Credit Committee	Executive Committee	Chief Executive Officer
Key responsibilities: <ul style="list-style-type: none">Reviews and monitors the integrity of the bank's financial and reporting processes.Responsible for the governance of both the internal audit function and external auditor.Advising the Board on risk appetite-related matters, and key regulatory submissionsReviewing effectiveness of Internal Controls and the Audit Function	Key responsibilities: <ul style="list-style-type: none">To ensure the Bank has a truly diverse Board comprising individuals with a range of skills, backgrounds, experience, and perspectives remains key to the Board's continuing effectiveness.To ensure the Bank has a truly diverse Board in terms of range of skills, backgrounds, experience, and perspectives.The Committee is responsible for Board Members and Senior Executive appointment process.	Key responsibilities: <ul style="list-style-type: none">To assist the Board of in reviewing and overseeing the overall lending of the bank.For reviewing and overseeing the overall lending policy of the bank, deliberate and consider loan applications beyond the discretionary limits of the Management as set out in the Credit policy.To monitor all issues that may materially impact on the present and future quality of the Bank's credit risk management.	Key responsibilities: <ul style="list-style-type: none">To assist the Board in fulfilling its oversight responsibilities in accordance with the Articles of Association.Executing oversight role over the critical key projects of the Company, provide guidance, support and mentor Management during transitional periods as well as be involved in any crisis situation that may arise within the Company.	Executive Committee

Director Independence

The Board recognizes the importance of objective judgement, independent thinking, and constructive debate on all issues under the Board’s remit of consideration. Directors are expected to bring views and judgement to Board deliberations that are independent of management and free of any business relationships or circumstances likely to impair any individual Non-executive Director’s independence and objective judgement. The Board Charter, prepared in line with the Banking and Financial Institutions (Corporate

Governance) Regulations, 2021 issued by the Bank of Tanzania (BoT), provides that a majority of its Directors should be non-executive. In accordance with the Board Charter, the Board only considers directors to be independent where they are independent of management and free of any business or other relationship that could materially interfere with, or reasonably be perceived to materially interfere with, the director’s capacity to make sound and independent judgments and be able to apply immediate remedial measures when need arises.

The Board considers that there are no relationships or circumstances likely to impair any individual Non-executive Director’s judgement.

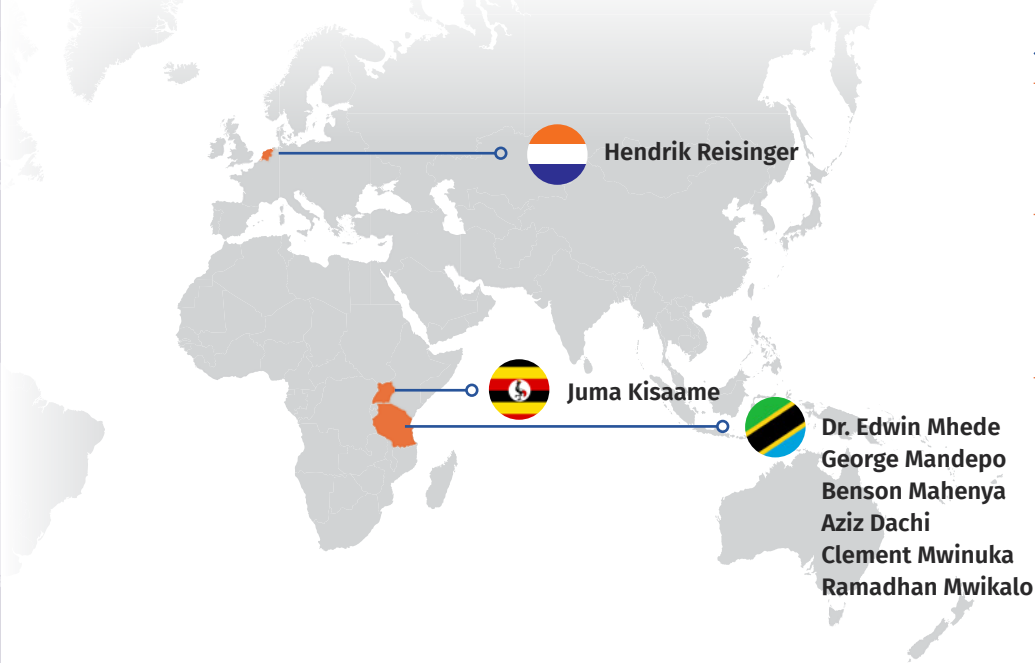
During the 22nd Annual General Meeting (AGM), three new Non-executive Directors, Mr. Aziz Dachi (CPA) and Mr. Clement Mwinuka (CPA), and Mr. Ramadhani Mwikalo with significant professional experience were appointed to fill in the vacant Board positions. As is good practice, Directors stand for (re)election by shareholders at the Bank’s Annual General Meetings (AGM) with the support of the Board.

Diversity

We consider that a diversity of skills, backgrounds, knowledge, experience, nationalities and gender is important to effectively govern the business. The combination of backgrounds and experience at the Board ensures that there is a balance of power that stimulates robust challenge

and debate such that no individual or bank can dominate board processes or decision-making. This is important for sustainable stakeholder value protection. The Board, through the Human Resources and Remuneration

Committee regularly reviews the skills, knowledge, experience and diversity represented on the Board against the skills and experience needed to deliver the strategy and continues to make efforts to further diversify.



3 Nationalities

>20 Years of Professional experience

Areas of expertise: Economics, Banking, Law, Accounting, Auditing, IT, Governance, Strategy



Board nomination, appointment, and re- election of Directors

The current Board structure comprises of nine non-executive Directors including the Board Chairman. The Board determines its size and composition, subject to the Company's Articles of Association, Board Charter and applicable guidelines, laws, and regulations.

The Board composition is driven by the following principles, pursuant to the Banking and Financial Institutions (Corporate Governance) Regulations, 2021 and the International norms of good corporate Governance:

- The Board must comprise of a majority non-executive directors.
- The Board should consist of directors with a broad

range of skills, experience and expertise and be from a diverse range of backgrounds.

- The Chairman of the Board must be a non-executive director.

Succession planning is an on-going process, with the Board discussing the same regularly and robustly. The process to appoint a new director is overseen by the Board Human Resources and Remuneration Committee (BHRRC). The committee is responsible for recommending the procedure for the selection of new directors, the proposed criteria for the selection of candidates with reference to current mix of skills, knowledge and experience.

The committee identifies and nominates a shortlist of candidates and may engage the services of a professional intermediary to assist in identifying and assessing potential candidates. The preferred candidates meet with the members of the Board Human Resources and Remuneration Committee before a final decision is made. Prior to confirmation of appointment, all Directors are required to meet the "Fit and Proper" requirements set out in the Regulatory Guidelines issued by the Bank of Tanzania. The key terms and conditions of a director's appointment are documented in a letter of appointment.

Board induction and training

On appointment, each Director participates in an induction programme, during which they meet fellow members of the Board and senior management team, whereby they receive information about the role of the Board and individual Directors, each Board Committee and their respective delegated powers, and an update on strategy from management. They are also advised by the Company Secretary on the legal and regulatory obligations of a Director of a company listed on the Dar es Salaam Stock Exchange. Induction sessions are designed to be interactive and are tailored to each individual based on his or her previous experience and knowledge.

All Directors are expected to maintain the requisite skills and demonstrate ethical standards to carry out their obligations. The Chairman, with support from the Company Secretary review the professional development needs of each Director. The program of continuing education ensures that the Board is kept up to date with developments in the industry both locally and globally.

Continuous development programme for all Directors

The BHRRC monitors the frequency and quality of the Board training sessions, which are conducted either by external professionals or management. The BHRRC selects topics which are relevant to the Bank's

activities. Board members also contribute by highlighting areas of interests and possible topics.

In 2022, there were training sessions on:

- Sustainability (ESG) in November 2022.
- Board Directorship training in September and November 2022 organized by Institute of Directors Tanzania (IoDT).



Board Composition

The Bank is committed to ensuring the overall effectiveness of the Board and that it achieves the appropriate composition and balance of Directors. The Board comprises of 100% Non-executive directors, whereby a 1/3 are INEDs, who bring a diversity of skills, experience, and knowledge to the discussion, and play an important role in supporting the Board. The Non-executive Directors are expected to have a clear understanding of the strategy of the Bank as well as knowledge of the industry and the operating market.

The aggregate mix of skills and experience of the Directors seeks to bring about individual and collective competence requisite in fostering robust and constructive debate, augments and challenges the strategic thinking of the executives thereby adding value to the Bank.

The Board, through the Human Resources and Remuneration Committee regularly reviews the skills, knowledge, experience and diversity represented on the Board against the skills and experience needed to deliver the

strategy and continues to make efforts to further diversify.

The current Board composition is as follows:

As of 31 December 2022, the Board comprised the Board Chairman, and seven (7) Non-executive Directors (one Board position was vacant). The table below sets out their roles, responsibilities, and attendance at Board meetings.

Role	Qualification	Board attendance in 2022	Responsibilities
Board Chairman Dr. Edwin Mhede	Economist	14/14	<ul style="list-style-type: none">• Provides effective leadership of the Board and promotes the highest standards of corporate governance practices.• Leads the Board in providing strong strategic oversight and setting the Board's agenda, culture and values.• Leads the Board in challenging management's thinking and proposals and foster open and constructive debate among Directors.• Maintains external relationships with key stakeholders and communicates investors' views to the Board.• Evaluates the performance of the Board, Committees, non-executive Directors and the bank's Chief Executive Officer.
Non-executive Directors			
Aziz Dachi	Auditor	4/14	<ul style="list-style-type: none">• Develop and approve the Bank's strategy.
Benson Joel Mahenya (INED)	Certified Public Accountant	14/14	<ul style="list-style-type: none">• Challenge and oversee the performance of management.
Clement Mwinuka (INED)	Certified Public Accountant	3/14	<ul style="list-style-type: none">• Approve the Bank's risk appetite and review risk profile and performance.
Ramadhani Mwikalo (INED)	IT Expert	3/14	
Juma Kisaame	Banker	14/14	
George Mandepo	Lawyer	14/14	
Hendrick Reisinger	Economist/Banker	14/14	

Role	Qualification	Board attendance in 2022	Responsibilities
Ag. Company Secretary Ms. Consolatha Mosha	Lawyer	14/14	<ul style="list-style-type: none">• Maintains strong and consistent governance practices at Board level and throughout the Bank.• Supports the Board Chairman in ensuring effective functioning of the Board and its committees, and transparent engagement between senior management and non-executive Directors.• Facilitates induction and professional development of Non-executive Directors.• Advises and supports the Board and management in ensuring effective end-to-end governance and decision making across the Bank.
Chief Executive Officer Ms. Ruth Zaipuna	Banker & Certified Public Accountant	14/14	<ul style="list-style-type: none">• Leads and directs the implementation of the Bank's business strategy, embedding the organization's culture and values.• Leads the Management Executive Committee with responsibility for the day-to-day operations of the Bank, under authority delegated to her from the Board.• Maintains relationships with key stakeholders including the Chairman and the Board.

Our Board meetings – operations and focus

To enable the Board to use its time most effectively and efficiently, the Board, supported by the Company Secretary, maintains a scheduled programme of meetings and a rolling agenda. There is sufficient flexibility in the programme for specific items to be added to any particular agenda to ensure that the Board can focus on the key matters at the appropriate time.

The Board meets at least once every quarter to consider all matters relating to risk management, governance and control, business performance and strategy and succession planning. Performance against delivery of the agreed key financial priorities is reviewed at every meeting.

The Chief Executive Officer and Chief Financial Officer comment on current trading, business performance, the market, employees and relevant stakeholders, and regulatory and external developments at each meeting. In addition, the Chief Risk Officer and Chief Compliance Officer attend meetings to update the Board on key risks.

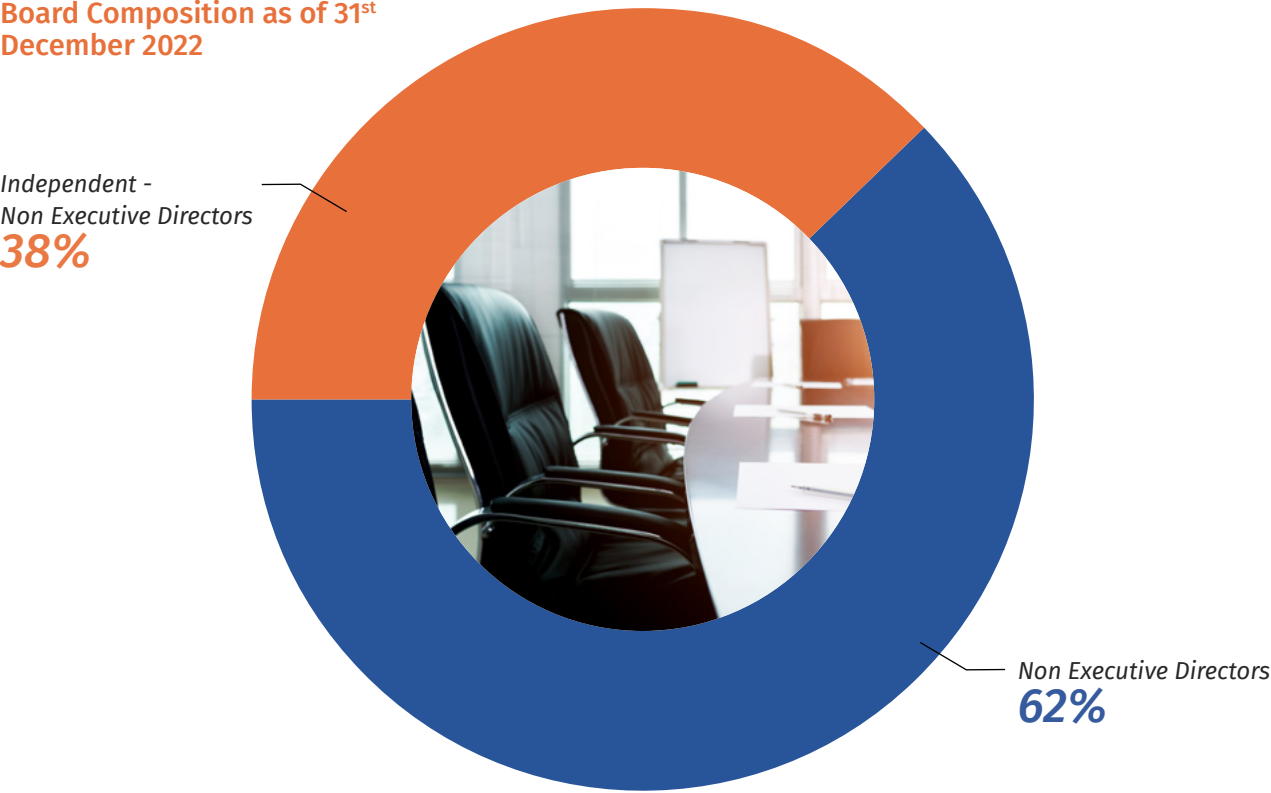
The Board Chairman, in conjunction with the Company Secretary work closely with the Chief Executive Officer to come up with the annual work plan and to set the agenda for each meeting. The notice, agenda and detailed board papers are circulated in advance of the meetings. Directors are entitled to request for additional information where they consider further information is necessary

to support informed decision-making. During the year ending 31 December 2022, the Board held fourteen Board meetings.

Key Board Activities in 2022

The Board adhered to an annual schedule of rolling agenda items designed to ensure that all matters are given due consideration and are reviewed at the appropriate point in the financial and regulatory cycle. The Board had an extensive agenda during 2022 with considerable focus on reviewing progress of the new Medium-Term Plan (2021-2025) and relevant strategic initiatives, reviewing and approving governance policies and overseeing performance and risk.

Board Composition as of 31st December 2022



What was on the Board’s agenda during 2022:

Financial and corporate reporting	<ul style="list-style-type: none">Reviewed and approved quarterly, half-year and full-year results.Received quarterly financial performance updates.Declared proposed dividend in respect of the period ended 31 December 2021.Annual Report discussion and updates and recommendations (from the Board Audit, Risk and Compliance Committee).Reviewed and approved the Bank’s Annual report and Accounts.Reviewed and approved the notice of AGM
Strategy and Business Performance	<ul style="list-style-type: none">The Board received progress and monitored the progress made on key strategic initiatives (under year 2 of MTP) and financial commitment, with the overall progress on strategy commended across board. Board approved rebased Medium-Term Plan.Monitored and assessed the strength of the Bank’s capital and liquidity positions.Received updates on bank’s performance, including business level performance updates.Reviewed potential scenarios with probable material impact on performance.Received an update on the progress of the Operations strategy, including the focus on Operations re-engineering through Simplification, Automation and Migration.Received an update on the priorities and progress against the cross-border strategy including a focus on the strategic opportunities and initiatives across the Region.Received updates on key projects (ex. Digital transformation strategy and related projects).Received CSI activities report from the CEO.
Financial decisions	<ul style="list-style-type: none">The Board approved key financial decisions throughout the year and approved the Annual Report and Accounts 2021.The Board passed a proposed dividend payout of TZS 193/- per ordinary share. A total dividend payout of TZS 96.7 billion was approved by the Board, which was subject to Shareholders’ approval at the Annual General Meeting.
Governance and Policies	<ul style="list-style-type: none">Considered external legislative and governance developments and received regulatory updates.The Board continued to oversee the governance, smooth operation, and oversight of the Bank.The Board continued to review the skills and experience of the Board to ensure that it comprises the relevant skills, experiences, and competencies to discharge its responsibilities effectively.The Board monitored its compliance with the Principles of Good Corporate Governance Practices, and the Companies Act, 2002 throughout the year.Reviewed policies.Considered Board and Committees’ effectiveness.
Budget and Performance	<ul style="list-style-type: none">Approved the Bank’s 2023 budget.Monitored the Bank’s financial performance.Approved the full year and half year results and considered the key internal and external factors in determining payment of a final and interim dividend.Monitored the Bank’s Competitor and Market position and performance for the full year 2022.Noted management’s presentation to the Board in respect of the 2022 risk scenario stress test assessed potential material impact on performance.

Risk, regulatory and legal considerations	<ul style="list-style-type: none">Received regular risk reports from the Chief Risk Officer and Chief Compliance Officer with focused highlight on the Bank’s risk and control operating environment.Received an update on the Implementation of Artificial intelligence Cyber Defense Platform to protect the bank from advanced forms of cyber-attacks.Received the 2020 BOT Examination Report, noted key Findings thereof, considered and approved the Management’s responses and related actions.Approved the risk appetite validation of the 2023 Budget.
Digital and Technology	<ul style="list-style-type: none">Throughout the year, the Board received regular updates on technology from the Chief Technology and Digital Transformation Officer including implementation status of digital and technology related initiatives.The Non-executive Directors with deep technology experience have worked in collaboration with the Chief Technology and Digital Transformation Officer to enhance the Bank’s technology infrastructure and cybersecurity.
People, Culture and Values	<ul style="list-style-type: none">Received an update on Management Team succession planning and an overview of the refreshed People Strategy for 2023.Received an update of implementation of critical training interventions linked to MTP and culture transformation program.Received and discussed the findings from the Employee Opinion Survey (EOS) and approved recommendations of implementation actions.
Stakeholder Engagement	<ul style="list-style-type: none">Received periodic updates from the management on key stakeholder engagements.
Standing agenda items	<ul style="list-style-type: none">Received reports from the Chief Executive Officer.Received feedback from Board Committees.Reviewed and approved the minutes of previous meetings.Received status update on any matters outstanding from previous meetings.



- Board Agenda 2022**
- Financial and corporate reporting
 - Strategy and Business Performance
 - Financial decisions
 - Governance and Policies
 - Budget and Performance
 - Risk, regulatory and legal considerations
 - Digital and Technology
 - People, Culture and Values
 - Stakeholder Engagement
 - Standing agenda items

Board and Committee meeting attendance

The Board held 14 Board meetings during the year out of which 6 were to discuss BARCC related issues before the formation of Board Audit Risk and Compliance Committee (BARCC).

There were also:

- Nineteen (19) Board Credit Committee meetings;
- Four (4) Board Human Resources and Remuneration Committee meetings;
- Four (4) Board Audit, Risk and Compliance Committee meetings; and
- Four (4) Board Executive Committee meetings.

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

	Board (14)	BARCC (4)	BCC (19)	BHRRC (4)	BEC (4)
Dr. Edwin P. Mhede	14	n/a	n/a	n/a	4
Juma Kisaame	14	n/a	19	1	4
George Mandepo	14	n/a	19	4	n/a
Hendrik Reisinger	14	n/a	19	4	1
Benson Mahenya	14	4	n/a	n/a	n/a
Aziz Dachi*	4	4	n/a	n/a	n/a
Clement Mwinuka*	3	4	n/a	n/a	n/a
Ramadhani Mwikalo*	3	n/a	n/a	1	1
Theresia Mihayo**	7	n/a	n/a	2	2

*Appointed at Annual General Meeting in June 2022
**Replaced in June 2022

Board Committees

The Board has delegated authority to various Board committees to enable them to oversee certain specific responsibilities based on their terms of reference. The terms of reference of each Board committee set out the responsibilities of the Board committee, conduct of meetings including quorum, voting requirements and qualifications for Board committee membership. All our Board committees comprise of Non-Executive Directors only. Any change to the terms of reference for any Board committee requires Board approval. The minutes of Board Committee meetings, which records the key deliberations and decisions taken during these meetings, are circulated to all Board members for their information.

Mechanisms are in place to facilitate these linkages, including ensuring that there are no gaps or unnecessary duplications between the remit of each committee and overlapping membership between Board committees where necessary. Further details on each committee, including their oversight and focus during 2022, can be found in the next section of this report.

Board Audit, Risk, and Compliance Committee (BARCC)



	Role	Member Appointed	Meeting attendance in 2022
Clement Mwinuka (INED)**	Chairman	June 2022	4/4
Aziz Dachi**	Member	June 2022	4/4
Benson Mahenya (INED)	Member	June 2021	4/4

**Appointed at the Annual General Meeting in June 2022

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

Audit Functions:

The BARCC assists the Board by providing oversight of the Bank’s financial reporting responsibilities including external audit independence and performance. The Audit Committee comprises of three Non-executive Directors, out of which two are INEDs.

The Committee’s responsibilities include the following:

- Reviewing the quarterly and full- year statutory financial reports for recommendation to the Board.

- Reviewing significant accounting estimates and judgments used for the preparation of the financial reports.
- Advising the Board on the Bank’s financial reporting requirements to ensure that the Board has exercised oversight of the work carried out by management, Internal Audit Function, and the external auditor.
- Reviewing and approving any new or proposed changes in the Bank accounting policies.
- Monitoring developments in statutory reporting and accounting and disclosure requirements.
- Reviewing the effectiveness of, and ensuring that management has appropriate internal controls over financial reporting.
- Reviewing and monitoring the relationship with the external auditor and oversees its appointment, tenure, rotation, remuneration, independence, and engagement for non-audit services; and
- Overseeing the work of the Internal Audit and monitoring and assessing the effectiveness, performance, resourcing, independence and standing of the function.

BARCC, also has overall non-executive responsibility for

oversight of risk-related matters and the risks impacting the Bank.

Risk and Compliance

Functions:

- Advising the Board on risk appetite-related matters, and key regulatory submissions.
- Overseeing and advising the Board on all risk-related matters, including operational risk, financial risks, non-financial risks, and the effectiveness of the Bank’s Enterprise Risk Management framework.
- Undertaking a review and challenge of the Bank’s stress testing exercises.
- Reviewing the effectiveness of the Bank’s enterprise risk management framework and internal controls systems.
- Reviewing the Bank’s overall Risk Appetite Statement and makes recommendations to the Board.
- Reviewing the appropriateness and effectiveness of the Bank’s risk management systems,



- considering the implications of material regulatory change proposals, reviewing reports on principal risks to the Bank's business.
- Maintaining an oversight of all risk-related matters and the risks impacting the Bank.
- Monitor the changes in the external regulatory environment to make sure that we continue to have appropriate financial, compliance, and internal controls in place.
- Continue to provide assurance to the Board that controls and compliance culture fully support the Bank's strategy.
- Ensure that the policies, processes, and systems align with the regulatory

- requirement and reflect changing regulatory landscape.
- To ensure that the Bank is fully compliant to applicable laws, regulations, and prevailing requirements within the operating jurisdiction.




Committee Governance

In carrying out its responsibilities, the BARCC is supported by the participation of senior management. The Chief Executive Officer, Chief Financial Officer, Chief Internal Auditor, Chief Risk Officer and Chief Compliance Officer as well as other members of senior management routinely attended meetings of the BARCC. The external auditor attended all meetings.

The Committee Secretary regularly met with the Chair to ensure the Committee fulfilled its governance responsibilities and to consider input from stakeholders when finalizing meeting agendas, tracking progress on actions and Committee priorities.

Meetings of the Committee usually take place a couple of days before the Board meeting to allow the Committee to report its findings and recommendations in a timely and orderly manner. This is done through the Chair who comments on matters of relevance and the Board receives copies of the Committee agenda and minutes of meetings.

Matters considered in 2022:

Financial reporting		<ul style="list-style-type: none">• Significant accounting judgements• Going concern assumptions and viability statement• Supplementary regulatory information• Approval of Quarterly, half year and full year financial statements• Reviewed the Annual Report and Accounts content and advised the Board on whether the Annual Report was fair, balanced, and understandable.
Internal Control		<ul style="list-style-type: none">• The Committee discussed reports from the Chief Internal Audit which provided summaries of Internal Audit's appraisals of controls across key risks, subject to the Committee's oversight, together with the key risk issues identified by Internal Audit's work and management actions put in place to address the findings.• The reports received by the Committee provided assurance that there are effective internal controls within the Bank.
Internal Audit Reports		<ul style="list-style-type: none">• Reviewed reports of internal audits and monitored action points and follow-up actions arising from audits.• Approved the annual audit plan; and• Monitored and reviewed the effectiveness of the Company's Internal Audit function, including overseeing an independent review.
Statutory Auditor		<ul style="list-style-type: none">• Appointment, remuneration, non-audit services and effectiveness
Compliance		<ul style="list-style-type: none">• The Committee received regular compliance reports which set out the work carried out the by Compliance function, significant compliance and regulatory risks facing the Bank, and key actions being taken to address and mitigate these risks.

Risk appetite and monitoring		<ul style="list-style-type: none">• Reviewed and challenged the formulation of the Bank's Risk Appetite Statement, in order to assure that it is effective in setting appropriate boundaries in respect of each Principal Risk Type.• The Committee further considered and recommended the Bank's Risk Appetite to the Board for approval.• The Committee monitored Capital and Liquidity Risks and advised the Board accordingly
Emerging risks		<ul style="list-style-type: none">• Market developments and emerging risks: The Committee monitored the Bank's preparedness and readiness to address major market developments including new regulations and COVID-19 related macro-economic impacts. In doing so, the Committee assessed credit trends, economic outlook, and the impact on portfolio credit quality.

Fair, balanced, and understandable reporting:

The BARCC reviewed drafts of this Annual Report and Accounts to consider whether it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Bank's performance, business model and strategy. We also gained assurance that there is a robust process of review and challenge at different levels within the Bank to ensure balance and consistency. When forming its opinion, the BARCC considered the following questions in order to encourage challenge and assess whether the Report was fair, balanced and understandable:

Is this report fair?	<ul style="list-style-type: none">• Is the whole story presented?• Have any sensitive or material areas been omitted?• Are the KPIs disclosed at an appropriate level based on the financial reporting?
Is the report balanced?	<ul style="list-style-type: none">• Is there a good level of consistency between the front and back sections of the Annual Report?• Is the Annual Report a document for shareholders and other stakeholders?
Is the report understandable?	<ul style="list-style-type: none">• Is there a clear and understandable framework to the Annual Report?• Is the Report presented in straightforward language and in a user-friendly and easy to understand manner?

Priorities for 2023:

The Board Audit, Risk and Compliance Committee has agreed several areas of focus for 2023, including;

- During 2023, the Committee will continue to strengthen the Bank's risk culture, enhance our risk appetite framework to better support our financial resource allocation, and embed emerging risks in this journey.
- Enhanced risk management processes and cyber and IT risks.
- Continued focus on specific topics of heightened relevance to the Committee, in particular capital adequacy and liquidity in response to the evolving operating environment.
- Ensuring continued integrity and balance in the Bank's financial reporting.
- Monitoring developments in the global Corporate Governance norms and consider appropriate actions.
- Consideration of new and emerging risks.
- Continuous monitoring of closure of recommendations and actions from independent reviews and audits.
- Continued monitoring of specific implications of the current Ukraine/Russia war on the bank including macro and regional-specific impacts, assessing financial impacts with a view of ensuring strategic mitigation actions.
- Close monitoring of the legal and regulatory environment to ensure continued compliance.



Board Human Resources and Remuneration Committee (BHRRC)



	Role	Member Appointed	Meeting attendance in 2022
Mr. George Mandepo*	Chairman	June 2019	4/4
Mr. Hendrick Reisinger*	Member	June 2019	4/4
Mr. Ramadhani Mwikalo**(INED)	Member	June 2022	1/4

**Appointed at the Annual General Meeting in June 2022

* Re-appointed at the Annual General Meeting in June 2022

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

Committee's Functions:

- The critical role of the Committee is to ensure

- robust succession planning is in place and that the composition of the Board and its committees continue to evolve, providing effective oversight of the Bank's strategy.
- To ensure the Bank has a diverse Board comprising individuals with a range of skills, backgrounds, experience, and perspectives.
- The Committee has oversight of the process by which the Board, its committees and individual Directors assess their effectiveness.
- The Committee is responsible for Board Members and Senior Executive appointment process.
- The Committee is responsible for overseeing the remuneration of Senior Management, determining the framework and policies for remuneration and overseeing workforce remuneration, for alignment of reward, incentives and culture.

Matters considered in 2022:

Succession Planning	<ul style="list-style-type: none"> Reviewed and approved succession planning for senior management positions Received and approved management's submission of success plans for middle management.
HR Budget planning	<ul style="list-style-type: none"> The Committee received and approved budget proposals (staff costs) for the coming year. The Committee received and approved headcount planning for the coming financial year, in line with the bank's overall strategic direction and capacity requirements.
Remuneration	<ul style="list-style-type: none"> The Committee received proposals for staff remuneration and approved recommendations thereof.
HR reports	<ul style="list-style-type: none"> Received reports from the Chief Human Resources highlighting: <ul style="list-style-type: none"> Staff Productivity Employee Relations updates Progress update on HR related projects and strategic initiatives

Talent Acquisition	<ul style="list-style-type: none"> Appointments, and progress of on-going key recruitments (senior and middle management vacancies)
Leadership Development Plan	<ul style="list-style-type: none"> The Committee received and approved updates on Leadership Development Plans
Culture	<ul style="list-style-type: none"> The Committee received regular updates on the progress of the Culture Transformation Project
Labor Cases	<ul style="list-style-type: none"> The Committee received updates on key labor cases

Key Information on our Directors (Director remuneration)

The table below sets out key information on our Directors (including those who retired or who were appointed during the year), the number of meetings which our Directors attended during 2022 as well as the remuneration for each Director for 2022. The remuneration of Non-Executive Directors (including the Chairman) does not include any variable component.

Director Independence status	Meetings attendance record (1 January to 31 December 2022)						Total Directors' remuneration for 2022 (TZS)		
	BCC(6)	BOD(1)	BEC(3)	BHRC	BARCC (5)	AGM	Directors' Fees	Sitting Allowance	Others
Dr. Edwin Mhede Non-Executive and Board Chairman Chairman since June 2020 Board member since 2020	n/a	14	4	n/a	n/a	1	25,110,000	34,580,000	12,000,000
George Mandepo Non-Executive Director Board member since June 2019 Last re-elected in June 2022	19	14	4	4	n/a	1	21,450,000	52,520,000	3,600,000
Benson Mahenya Independent-Non-Executive Director Board member since June 2021	n/a	14	n/a	n/a	4	1	21,450,000	23,470,000	3,600,000
Juma Kisaame Non-Executive Director Board member since June 2020	19	14	4	1	n/a	1	21,450,000	54,180,000	3,600,000
Hendrik Reisinger Non-Executive Director Board member since June 2019 Last re-elected in June 2022	19	14	4	1	n/a	1	21,450,000	56,300,000	3,600,000

Director Independence status	Meetings attendance record (1 January to 31 December 2022)						Total Directors' remuneration for 2022 (TZS)		
	BCC(6)	BOD(1)	BEC(3)	BHRC	BARCC (5)	AGM	Directors' Fees	Sitting Allowance	Others
Aziz Dachi Non-Executive Director Board member since June 2022	n/a	4	n/a	n/a	4	1	10,000,000	9,500,000	1,800,000
Clement Mwinuka Independent-Non- Executive Director Board member since June 2022	n/a	3	n/a	n/a	4	0	8,000,000	10,000,000	1,200,000
Ramadhan Mwikalo Independent-Non- Executive Director Board member since June 2022	n/a	3	1	1	n/a	0	8,000,000	6,000,000	1,200,000

Board Credit Committee (BCC)



	Role	Member Appointed	Meeting attendance in 2022
Mr. Hendrick Reisinger*	Chairman	June 2019	19/19
Mr. Juma Kisaame	Member	June 2020	19/19
Mr. George Mandepo*	Member	June 2019	19/19

* Re-appointed at the Annual General Meeting in June 2022

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

Committee's Functions:

- The objective of this Committee is to assist the Board of Directors in reviewing and overseeing the overall lending of the bank.

- The Committee is responsible for reviewing and overseeing the overall lending policy of the bank, deliberate and consider loan applications beyond the discretionary limits of the Management as set out in the Credit policy.
- The Committee is responsible to review facility applications by the Management Credit Committee and direct, monitor, review and consider all issues that may materially impact on the present and future quality of the Bank's credit risk management.
- The Committee is responsible to ensure that the credit policy and risk lending limits are reviewed at least on an annual basis and as and when the environment so dictates.
- The Committee is responsible to review and approve write-offs.

Matters considered in 2022:

Risk appetite and monitoring		<ul style="list-style-type: none"> Discussed and approved Risk Appetite and Sectoral Limits. Deliberated, reviewed, and approved credit portfolio strategies. The Committee continues to monitor the credit risk exposure, sector and single name concentration of the corporate loan book.
Credit Approvals		<ul style="list-style-type: none"> The Committee reviewed and approved request for facility applications, within the remit of Committee's approval.
Write-offs		<ul style="list-style-type: none"> Committee discussed and approved write-off of loan.
ECL provisions		<ul style="list-style-type: none"> In view of recommendations from the External Auditor, and best practices- the Committee reviewed the controls around the development of the model used to assist in determining the appropriate provisions. Reviewed the key inputs into the models, including key economic scenarios and management overlays. Assessed outputs against peers and industry.
Governance		<ul style="list-style-type: none"> The Committee Reviewed bank's portfolio quality trend and outlook and made necessary deliberations. Discussed progress on key strategic initiatives and investments. During 2022, the Committee continued to monitor Non-Performing Loan (NPL) levels and management actions to assure adequate coverage of our loan loss exposure.
Recovery		<ul style="list-style-type: none"> Received recovery updates on key special assets.
Cases		<ul style="list-style-type: none"> The Committee received updates on matters relating to credit.



Focus for 2023:

- During 2023, the Committee will continue to strengthen the Bank's credit risk culture, enhance our risk appetite framework to better support our financial resource allocation, and continue to embed emerging risks as a guiding principle in decision making.
- The Committee will ensure that the climate-related risks and associated frameworks align with the Bank's strategy and continue to govern bank's financial decisions.
- As in previous years, the Committee will continue to coordinate with other Board Committees, particularly the Board Audit, Risk and Compliance Committee, especially on matters within the joint remit of both Committees. Stress testing will continue to be held to ensure an appropriate link between the BARCC and Credit Committees is maintained without the need for overlapping committee membership.

Board Executive Committee (BEC)



	Role	Member Appointed	Meeting attendance in 2022
Juma Kisaame	Chairman	June 2020	4/4
Dr. Edwin Mhede	Member	June 2020	4/4
Mr. Ramadhani Mwikalo**(INED)	Member	June 2022	1/4

**Appointed at the Annual General Meeting in June 2022

The Committee assists the Board in fulfilling its oversight responsibilities in accordance with the Articles of Association of the Company.

The Committee, which is a steering committee for the full Board, has an oversight role over the execution of the Bank’s

strategy, critical key projects of the Company, provides guidance, supports and mentors management during transitional periods as well as being involved in any crisis situation that may arise within the Company.

It is the general intention that all substantive matters in the ordinary course of business are brought before the full Board

for action and/or ratification, but the Board recognizes the need for flexibility to act on substantive matters where action may be necessary between Board meetings.

Matters considered in 2022:

Strategy	<ul style="list-style-type: none">Received and noted updates on Key Strategic Initiatives and InvestmentsGuided the strategic direction of the Bank by approving and monitoring effective strategy execution by the Management.
Strategic Projects & Initiatives	<ul style="list-style-type: none">The Committee received updates on key strategic projects, investments and initiatives.
Material Investments	<ul style="list-style-type: none">The Committee reviewed, noted, and approved growth investment plans (organic and inorganic).
Liquidity	<ul style="list-style-type: none">The Committee received updates on the assessment of the level of liquidity available to the bank to support its ongoing needs and projected compliance with capital requirements and external debt covenants.The Committee maintained continuous monitoring of the bank’s liquidity and capital positions.
Governance	<ul style="list-style-type: none">The Committee reviewed and approved the Board Charter.
Technology	<ul style="list-style-type: none">Received updates on the progress of key digital and technology initiatives.

Relationship with Auditors

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

Company Secretary

The Ag. Company Secretary is Ms. Consolatha Mosha and she provides support and guidance to the Board in matters relating to governance and ethical practices. She is also responsible for induction programs of new directors, keeping board members abreast of relevant changes in legislation and governance principles.

Communication with shareholders

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

Shareholders are encouraged to attend the Annual General Meeting to be held on Friday, 2nd June 2022 and participate in the affairs of the company.



Our Board of Directors



Dr. Edwin P. Mhede
Board Chairman

Dr. Mhede was appointed to join NMB Bank's Board of Directors on 5th June 2020. Thereafter, he was elected as Board Chairman.

Qualification: He is a certified Director by the Institute of Directors of Tanzania. Also, he is a recipient of the prestigious Japanese Foreign Minister's Commendation. He holds a Ph.D. and Master's degree in Development Economics from the National Graduate Institute for Policy Studies, in Tokyo, Japan. He also holds a Bachelor of Science degree in Agricultural Economics and Agribusiness from Sokoine University of Agriculture in Morogoro, Tanzania.

Career Experience: He is a development economist by training and practice, with over 16 years working experience in the public and private sectors. He has a deep exposure in the professional practice of development microeconomics, trade and industrialization, economic policy analysis and management, international negotiations, and the empirics of industrial research and investment.

Dr. Mhede is currently the Chief Executive of Dar Rapid Transit Agency (DART) where is managing a multi-million US Dollar Project for transforming the public transport services using the seminal public-private partnership (PPP) approach in Dar es Salaam. Also, he sits in the Board of Directors of the National Development Corporation (NDC) where he chairs the Finance and Investment Committee. He has held various technical assignments and management roles in the Government up to the level of Deputy Permanent Secretary of Trade and Investment at the Ministry of Industry, Trade and Investments and Commissioner General of Tanzania Revenue Authority.

He is highly recognized for leading multifaceted economic programs for the growth of the public and private sectors in Tanzania. He is a founder, and therefore, he became the first Head of Tanzania Kaizen Unit under the Ministry of Industry and Trade for promoting bottom-up approaches in igniting product (or service) quality and productivity improvement in the manufacturing firms and public offices.

In his early career, Dr. Mhede worked as Short-Term Consultant for the World Bank Group, in the Project of African Competitiveness in Light Simple Manufactured Products. He briefly served as Advisory Manager of Tanzania Agricultural Development Bank (TADB) and a Collaborating Researcher with and for the Policy Research for Development (REPOA) of Tanzania, African Centre for Technology Studies (ACTS), in Nairobi, Kenya, and The Open University of UK (OU).



George N. Mandepo
Non-Executive Director

George was appointed to join NMB Bank's Board of Directors in June 2019.

Qualification: George holds a Master's Degree in Construction Law (LLM) from the University of Strathclyde and a Bachelor of Laws (LLB) from the University of Dar Es Salaam where he specialized in Company and Banking Laws.

Career Experience: George has over 17 years of experience in Tanzania's legal sector and has successfully undertaken several advisory assignments in the field of business operations, primarily in litigation and arbitration as well as other forms of alternative disputes resolutions (ADR). He is a Director of Arbitration in the Office of the Solicitor General where he heads a unit that is responsible for handling arbitration both domestically and internationally.

George has participated in various sector committees for research, review and formulation of various legislations mainly in agricultural and mining sectors. He has also provided legal advice in the institutional restructuring and reformation of a number of public institutions. He has been involved in various regional and international working groups and consultancies for the preparation of several legal instruments and rendering implementation advice.



Hendrik Reisinger
Non-Executive Director

Hendrik Reisinger was appointed to join NMB Bank's Board of Directors in June 2019.

Qualification: Hendrik holds a Master of Science Degree in Economic History from the University of Groningen and a Master of Science Degree in Business Economics from the University of Groningen.

Career Experience: Hendrik has over 25 years of experience working within the financial services industry with deep expertise in banking and risk management, business analysis and investment management. He joined Rabo International in 1990 and has held positions in Area Management, Food & Agribusiness Research and Corporate Finance. In 2005, he was appointed as Senior Investment Manager, and in 2016 as Head of Investments, a position he held until 2018. As such, he was responsible for negotiating and structuring the acquisition of minority equity participations in leading retail banks in China, Mozambique, Zambia, Rwanda and Uganda.

Reisinger is currently an independent non-executive director with relevant experience in both Africa and Europe. He has also founded a private company providing financial advisory services and board room services.



Benson Mahenya
Independent Non-Executive Director

Benson was appointed to join NMB Bank's Board of Directors in 2021.

Qualifications: Benson is an Associate Certified Public Accountant with 30 years of experience in auditing, banking, finance, management and accounting. He holds a Master's Degree in Finance from the University of Strathclyde, Scotland, a Master's Degree in Business Administration (MBA) and a Bachelor of Commerce degree in Finance both from the University of Dar es Salaam.

Career Experience: Benson is currently the Co-Chief Executive Officer of GSM Group of Companies. He is also the founding partner of BM Associates, an auditing and advisory firm, where he assists clients in restructuring their operations to achieve effective internal controls, higher efficiencies and increased productivity. Throughout his career, he has held various senior leadership roles including Director of Finance and Administration at BancABC, Director of Finance and Administration at T-MARC, Senior Manager of Finance and Control at NMB Bank and Business Support Manager at Standard Chartered Bank.

Benson has been involved as a member and chairman of boards of several international and local institutions. He is currently a volunteer board member at Tanzania Growth Trust (TGT). Other notable governance roles he held in the past include Board Chairman of TIB Corporate Bank and Board Member at PASS Trust and SEDA/VisionFund, a subsidiary of World Vision.



Aziz Dachi
Non-Executive Director

Mr. Dachi was appointed to join NMB Bank's Board of Directors in June 2022.

Qualifications: Mr. Dachi holds a Bachelor of Science in Computer Science from the University of Dar es Salaam and is an Associate Certified Public Accountant - ACPA and Certified Information Systems Auditor (CISA).

Career Experience: Mr. Dachi brings a wealth of experience in the areas of Systems Audit, Technology and Innovation, and Governance. He is currently the Assistant Auditor General Technical Support Services at National Audit Office of Tanzania and has over 18 year's work experience in Government and International Organizations. He is highly recognized in auditing ICT systems and in participating in Government negotiations with its various stakeholders.



Clement Mwinuka
Independent Non-Executive Director

Mr. Clement Esau Mwinuka was appointed to join NMB Bank's Board of Directors in June 2022.

Qualifications: Mr. Mwinuka earned his Master's of Science in Economic Management Policy (Industrialization, Trade & Economic Policy) and Master's of Science in Finance, both from University of Strathclyde, Glasgow, Scotland. He also holds Advanced Diploma in Certified Accountancy (ADCA) from Mzumbe University and is an Associate member of Certified Public Accountants in Tanzania, CPA (T).

Career Experience: Mr. Mwinuka has longstanding professional background with a career spanning over 30 years for various Government institutions and international organizations. He has extensive experience in areas of Governance, Financial Management, Audit, Risk Management, and Strategy.

Mr. Mwinuka is currently working as an Independent Consultant and has held various management roles within Tanzania and at the SADC Secretariat, and is highly recognized for his contribution in the development of the Community.



Ramadhani Mwikalo
Independent Non-Executive Director

Mr. Ramadhani Mwikalo was appointed to join NMB Bank's Board of Directors in June 2022.

Qualifications: Mr. Mwikalo holds a Master's Degree in Engineering from University of Ottawa, Ontario, Canada and is a registered Professional Engineer in Ontario, Canada. He is also registered with ICT Commission in Tanzania as an ICT Professional.

Career Experience: Mr. Mwikalo is a seasoned technology professional with over 40 years' distinguished experience in the Technology sector. He is currently working as an independent consultant and has previously served various national and international organizations, providing expertise through his deep understanding of technology and their implications for organizations.

Nationally, Mr. Mwikalo contributed to the development of various core government service delivery digital systems. Internationally, he worked in the United States (Silicon Valley) and has registered three ICT patents in Biometrics identification and Blockchain technologies with United States Patents and Trademarks Office (USTPO).



Juma Kisaame *Non-Executive Director*

Juma Kisaame was appointed to join NMB Bank's Board of Directors in June 2020.

Qualifications: Juma holds a Bachelor of Commerce Degree in Accounting from Makerere University.

Career Experience: Juma has over 30 years' professional experience in Banking and Financial Services, with deep expertise in the areas of Development Financial, Commercial Banking, Leasing, and Debt Recoveries. His previous career experience includes working for Uganda Development Bank, DFCU Limited Uganda, Non Performing

Assets and Recovery Trust, DFCU Leasing, Eurafrican Bank Tanzania, and DFCU Bank Limited. He retired in 2018 having served as Chief Executive Officer of DFCU Bank for 10 years.

Juma has also served in several Board positions over the last decade, including as Chairman of Uganda Investment Authority (2014-2016), Non-Executive Director Jubilee Holdings Limited Kenya (2016 - 2021), President of the African Leasing Association (2000-2005), and Vice Chairman Uganda Bankers Association (2008-2010).

He is also currently the Chairman Uganda Revenue Authority and Chairman Jubilee Life Company in Uganda.



Consolatha Mosha *Ag. Company Secretary*

Consolatha Mosha is the bank's Ag. Company Secretary responsible for ensuring compliance of the Bank and the Board of Directors with relevant laws, rules, and regulations as well as sound Corporate Governance practices.

She provides guidance and support to the Board on its duties and responsibilities within the scope of the Bank's governance framework.

Qualification: Consolatha is a registered advocate and member of Tanganyika Law Society (Bar Association for registered advocates

in Tanzania mainland) and East Africa Law Society. She holds a Bachelor of Laws degree from Mzumbe University and a Master's degree in Information Technology and Telecommunication Laws from Open University of Tanzania in association with United Kingdom Telecommunication Authority. She is also a graduate of Female Future program where she successfully attained a certification of competence in Corporate Governance.

Career Experience: Consolatha Mosha has a wealth of experience spanning over 10 years in the banking industry dealing in company secretary duties and corporate law. Prior to being appointed as the Ag. Company Secretary, Consolatha held various managerial roles in the bank in supporting contracts management and Retail Business.

Our Executive Committee



Ruth Zaipuna *Chief Executive Officer*

Ruth is the Chief Executive Officer, responsible for driving the Bank's corporate strategy to deliver sustainable business growth.

Qualification: Ruth is an Associate Certified Public Accountant (ACPA (T)) and holds a Master of Business Administration (MBA) in Finance and a Bachelor of Commerce (Hons) degree in accounting both from the University of Dar es Salaam.

Career Experience: Ruth has multisectoral experience, with emphasis in Audit & Consultancy and Banking Industries; having worked with PriceWaterhouseCoopers (PwC) as a Director, then with Standard

Chartered Bank (Tanzania) in the capacities of Executive Director Finance & CFO as well as Business Finance Lead for the East African cluster. Ruth joined NMB Bank Plc from Standard Chartered Bank as Chief Financial Officer in June 2018 and was appointed Chief Executive Officer in August 2020.

She serves as an Independent Non-Executive Director at the Tanzania Portland Cement Company Limited (TPCC); Board member of Tanzania Ports Authority (TPA) and the Tanzania Petroleum Development Corporation (TPDC). She is also an Honorary Member in the Advisory Committee for the Tanzania Generation Equality Programme.

In recognition for her efforts in advancing the business case for gender diversity in Tanzania and Africa at large, the Accenture 10th Gender Mainstreaming Awards 2022, named Ruth Zaipuna, the Positive Role Model for Tanzania, and the Overall East Africa Inclusive Leader of the Year. At the continental level, the African Leadership Magazine awarded her the prestigious 'African Business Leadership Commendation Award' for 2022, for her outstanding stewardship towards supporting the country's overall socio-economic development agenda.



Daniel Mbotto *Chief Credit Officer*

Daniel is the Chief Credit Officer, responsible for the overall credit function which includes the appraisal of loans, portfolio management, and collection of bad debts, and ensuring a sound portfolio quality.

Qualification: Daniel is a Certified Lender with advance certified credit skills recognized by Omega CSA and holds a Bachelor Degree in Business Management from the University of Mysore, India.

Career Experience: Daniel is a seasoned banker with a wealth of experience spanning over 21 years holding various senior positions within local, regional and international banks, including assignments in the Seychelles and South Africa. Prior to his current role, he held similar positions at Stanbic Bank, National Bank of Commerce (NBC) and Barclays Bank. Throughout his career, he has accumulated a deep understanding of the Tanzanian market and attained strong requisites as a credit expert.



Juma Kimori *Chief Financial Officer*

Juma is the Chief Financial Officer, responsible for strategy, planning, financial and regulatory reporting, tax compliance, business performance, research and analytics, investors relation and driving sustainability agenda for the bank.

Qualification: Juma is an Associate Certified Public Accountant (ACPA (T)). He holds a Bachelor of Commerce in Accounting (Hons) from the University of Dar es Salaam and Master's Degree in Business Administration from ESAMI. He is a member of the National Board of Accountants, Institute of Internal Auditors (IIA) and a Certified Facilitator for the IIA with experience in delivering professional

papers both within and outside Tanzania. He is also a Certified Director by the Institute of Directors Tanzania (IoDT).

Career Experience: Juma started his career at PriceWaterhouseCoopers (PwC) as external auditor specializing on the audit of Financial Services. Juma has over 16 years of experience in banking, leadership, enterprise risk management, strategy formulation and execution, change management, corporate governance and reporting. He joined NMB Bank Plc. as the Chief Internal Auditor in 2018 responsible for assurance provision and reporting to the Board Audit, Risk and Compliance Committee (BARCC) functionally and administratively to the Chief Executive Officer (CEO). Prior to joining NMB Bank, he worked for Barclays Bank Tanzania as Chief Internal Auditor. Juma took additional role at Barclays Africa (now Absa) as Regional Director of Internal Audit providing leadership to the audit teams in Seychelles, Mozambique, Botswana, Zambia, Uganda, Ghana, and Zimbabwe. He has also served as a Board Member of IIA Tanzania since 2015 to 2020.



Ezekiel Herman *Chief Compliance Officer*

Ezekiel is currently the Chief Compliance Officer responsible for designing and implementing effective compliance programs to ensure that the bank adheres to the applicable laws, regulations, and ethical standards consistent with supporting the bank's strategic direction and growth aspirations. He is also responsible for managing the bank's regulatory relationships and assessing the adequacy of the efforts made by management and staff in complying with regulatory requirements and support management in building a robust compliance culture based on ethical standards of behavior and thus contributing to effective corporate governance.

Qualification: Ezekiel is an experienced professional in risk governance with over 16 years' practical experience in audit, financial crime risk management, and compliance with a deep understanding of Tanzania's regulatory environment. He holds Bachelor's Degree in Commerce with specialization in Accounting from the University of Dar es Salaam. He is a Certified Public Accountant (CPA) (T) and a member of the National Board of Accountants and Auditors Tanzania (NBAA).

Career Experience: Ezekiel rejoined NMB Bank in October 2022 as Chief Compliance Officer. Prior to this role, he worked for both local and international banks including Standard Chartered Bank, Barclays Bank and NMB Bank. He started his career as an auditor at Deloitte & Touché Tanzania office.



Filbert Mponzi *Chief Retail Banking*

Filbert is the Chief Retail Banking responsible for development and execution of the Retail Banking Strategy, with focus on delivering the best in-class innovative, customer centric financial services for Individual, MSME and Agribusiness customers.

Qualification: Filbert is an Associate Certified Public Accountant (ACPA (T)). He holds a Bachelor of Commerce in Accounting (Hons.) from the University of Dar es Salaam and a Master of Business Administration from Eastern and Southern African Management Institute (ESAMI). He has also attended senior leadership courses at Harvard Business School (HBS) (USA) and Gordon Institute of Business Science (GIBS) in

South Africa. He is also a Certified Director by the Institute of Directors Tanzania (IoDT).

Career Experience: Filbert has over 17 years of experience in Retail Banking, MSME, Corporate Banking and Agri Business. He rejoined NMB Bank in June 2018 as Business Head; Wholesale Banking from NBC Bank. Before that, he worked at Barclays Tanzania, a member of Barclays Africa Group and recently Absa Group, where he served as Retail Banking Director and successfully drove the strategy to include Personal and Mass segments and pioneered the Distribution Optimization (Branches, ATMs and introduction of Agency Banking). Filbert is a member of the Board of Trustees of Social Action Trust Fund (SATF), and a member of Investment Committee in SME Impact Fund.



Alfred Shao *Chief Wholesale Banking*

Alfred is the Chief Wholesale Banking responsible for Large Corporate customers and business, Transactional business, Government, and International Trade.

Qualification: Alfred is a certified accountant from the Association of Chartered Certified Accountants (ACCA). He holds a Master of Business Administration and Bachelor of Commerce in Corporate Finance, both from the University of Dar es Salaam.

Career Experience: Alfred has over 17 years' experience in audit, asset portfolio management and risk assessment. Prior to joining the bank in 2020, Alfred worked with several international banks where he held various executive management roles including as Executive Director & Head of Commercial Banking at Standard Chartered Bank and as Head of Business Banking at Stanbic Bank.



Aziz Chacha *Treasurer*

Aziz is the bank's Treasurer and is responsible for overall asset and liability management, funding and capital optimization, foreign exchange as well as interest rate risk management. In addition, Aziz is responsible for treasury's strategic direction.

Qualification: Aziz is a Certified member of France-based ACI Financial Markets Association and holds an MBA from Manchester Business School of the University of Manchester, United Kingdom. He is currently pursuing a Doctorate Degree in Business and Management (PhD) from Strathmore University.

Career Experience: Aziz has a wealth of experience spanning over 17 years in Treasury risk management, Treasury technology, capital markets/ corporate finance, capital planning and balance sheet management. Prior to joining NMB Bank in 2011, Aziz was in the Management Team of Barclays Tanzania, as the Country Treasurer.



Kwame Makundi *Chief Technology and Digital Transformation*

Kwame is the Chief Technology and Digital Transformation responsible for driving the Bank's digital and technology strategy.

Qualification: Kwame holds a Bachelor of Science in Computer Engineering and Information Technology from the University of Dar es Salaam (TZ) and Master of Business Administration (MBA) from Stellenbosch University, South Africa.

He holds several IT certifications and has attended advanced courses in areas of IT service management, payments,

banking, technology infrastructure, cyber security, emerging technologies, project management and leadership development.

Career Experience: Kwame has extensive experience in information, communication and technology (ICT), spanning over 16 years in technology leadership, operations and digital transformation. He joined NMB Bank Plc. in 2014 as Senior Manager; Service Desk and was later promoted to Head of Service Management in 2017. Prior to joining NMB Bank, he worked for telecommunication companies in Tanzania, including Tigo (MIC Group), Sasatel and Vodacom Tanzania.



Nenyuata Mejooli *Chief Shared Services*

Nenyuata is the Chief Shared Services responsible for leading the shared services support functions including customer experience, facilities, Business Continuity Management, operational transformation, and management and execution of strategic projects in the Bank.

Qualification: Nenyuata holds a Bachelor of Science in Electronics from Bangalore University (India) and a Master of Business Administration from Dublin City University (Ireland). She is also PRINCE 2 Practitioner and holds a leadership certificate from Gordon Institute of Business Science (GIBS), South Africa. She is also a

Certified Board Member from ESAMI under the Female Future Program Tanzania and is a certified Director by Institute of Directors Tanzania (IoDT).

Career Experience: Nenyuata is a seasoned banker with over 22 years' experience in Banking Operations, Operations risk, Quality assurance, and Business process improvement and re-engineering. Nenyuata joined NMB Bank Plc from Standard Chartered Bank in September 2007 as Business Process Manager and has since held several roles including Senior Operations Manager, Senior Manager for Banking Operations, Head of Banking Operations and Head of Branch Network. Prior to her current appointment in June 2019, she was the Business Head; Shared Services since June 2018.



Doreen Joseph *Chief Risk Officer*

Doreen is the Chief Risk Officer responsible for overseeing the bank's overall risk strategy, planning, implementation, and coordination of all risk management activities through adequate management of Credit Risk, Market Risk, Liquidity, Operational Risk, Strategy Risk and Technology Risk.

Qualification: Doreen holds a Master's in Business Administration and a Bachelor's Degree in Commerce and Management both from the University of Dar es Salaam.

Career Experience: Doreen has over 15 years experience in risk management, leadership, strategy formulation and execution. Prior to joining NMB Bank,

Doreen held several executive management roles including Chief Manager Risk and Compliance at DCB Commercial Bank Plc and Senior Risk and Compliance roles at Twiga Bancorp and NBC Limited. She also worked with TIB Development Bank Ltd as a Principal Operational Risk Officer, and Deloitte and Touche' as an External Auditor. Doreen has had several international attachments outside the country, notably with ABSA Bank South Africa and Development Bank of South Africa.



Benedicto Baragomwa
Chief Internal Audit

Benedicto is the Chief Internal Audit responsible for managing the internal audit and assurance activities of the Bank, reporting functionally to the Board Audit, Risk and Compliance Committee (BARCC) and administratively to the Chief Executive Officer.

Qualification: Benedicto holds a Master of Science in Economics and Finance from University of Bradford (UK) and a Bachelor's Degree in Accounting & Finance from Mzumbe University (TZ). He is an Associate Certified Public Accountant (ACPA) by the National Board of Accountants and Auditors Tanzania, a Certified Information Systems Auditor (CISA) by ISACA and a Certified Director by the Institute of Directors in Tanzania (IoDT).

Career Experience: Benedicto has extensive experience in auditing, corporate governance, strategy, risk, financial management and Data analytics. Prior to joining NMB Bank, Benedicto was an Audit Manager for ABSA Bank (formerly Barclays), having worked with KPMG East Africa as Senior Auditor, specializing in Financial Services Assurance. He has served the bank as Acting Chief Internal Auditor in two occasions and Acting Chief Financial Officer before his appointment to Chief Internal Audit. Benedicto serves as a Board Member of the ISACA Tanzania Chapter.



Emmanuel Akonaay
Chief Human Resources Officer

Emmanuel is the Chief Human Resources Officer responsible for driving the execution of the people agenda in line with the Bank's vision while providing the necessary guidance to the HR team in strategy implementation.

Qualification: Emmanuel holds a Master of Business Administration (MBA) from ESAMI and a Bachelor of Arts Degree from the University of Dar es Salaam. He is a certified Reward & HR practitioner and a certified Director by the Institute of Directors Tanzania (IoDT).

Career Experience: Emmanuel has rich experience in Human Resources across diverse sectors including advisory, manufacturing, mining, and banking for over 16 years. Prior to his current role, Emmanuel was Head of HR Shared Services, responsible for designing and implementing staff welfare policies and employee relations in addition to leading optimal HR support functions. He joined NMB Bank from Ernst & Young as the country Head of Human Resources responsible to drive the HR agenda in strategic talent acquisition, development and retention. He previously worked with Barrick-Bulyanhulu Gold Mine, Serengeti Breweries and ABSA (formerly Barclays). Emmanuel serves as a Board Member of Prisons Corporation Sole (PCS).

Risk Report

Serving our clients by managing the risks is our primary duty as a responsible bank. We place strong emphasis on implementing an effective risk management structure across the organization and maintaining the right balance as we promote risks understanding in line with on-going innovations. We draw on a strong and effective organization to analyze, assess, and manage these risks in all our business segments and functions, underpinned by a strong conduct culture across the organization.

Risk Review

Our risk and control environment remains stable. The bank maintains strong capital levels, well above regulatory thresholds.



We have maintained a robust and disciplined approach to risk management.

Our control environment remained stable.

Risk Profile	Description
<p>Quality Portfolio growth and Diversification</p>	<ul style="list-style-type: none">Optimal, Broad-based Balance Sheet Growth Momentum Sustained:Total Assets crossed TZS 10 trillion mark (Closed at TZS 10. 2 trillion).Retail Banking Portfolio recorded another commendable performance, with the Retail Portfolio delivering strong Year-on-Year (YoY) growth:<ul style="list-style-type: none">The Loans and Advances portfolio grew by 30% Year-on-Year.Deposits grew by 6% Year-on-Year.Wholesale Banking: Wholesale Banking continued with a strong growth momentum underpinned by disciplined execution of the strategy:<ul style="list-style-type: none">Customer deposits grew by 35% Year-on-YearLoans and Advance grew by 67% Year-on-YearDue to continued focus on better quality origination and prudent portfolio risk management, the bank’s asset quality continues to improve markedly.<ul style="list-style-type: none">Credit impairment of TZS 81 billion is 28% better Year-on-Year.NPL ratio remained well-within the 5% regulatory benchmark, closing at 3.0% from 4.0% recorded in the same period last year.

<p>Strong capital and Liquidity position</p>	<ul style="list-style-type: none">With capital well above regulatory requirements, we are in a strong position to serve existing and new customers. We also have greater flexibility for capital and liquidity planning.As a leading bank in our markets, we are well placed to provide appropriate responses to regulators and policy makers on regulatory requirements.Through our wide branch network, enhanced customer propositions, and solid financial footing, we were able to attract and mobilize a good mix of deposits to support our growth ambitions. Customer deposits grew by 14% year on year to TZS 7.6 trillion as at December 2022, with the majority being comprised of low-cost deposits. CASA commands 86% of the Bank’s total funding, with the funding mix remaining broadly similar on a year-on-year basis with no major changes in 2022 compared to the year 2021. We maintain a healthy liquidity position, with an LDR of 76% (including borrowings). We strive to develop a diversified funding base with access to funding sources across retail and wholesale channels. Our funding strategy is anchored on strengthening our core deposit base as the foundation of our long-term funding advantage.We actively monitor and manage our liquidity profile through cash flow maturity mismatch analysis.
<p>Robust risk and governance structure</p>	<ul style="list-style-type: none">We have a risk appetite statement, which is aligned to the Bank’s strategy ; it is approved by the Board and informs the more granular risk parameters within which our businesses operates.We have a robust risk management framework, which assigns accountability and responsibility of management of risk and underlying controls.We review and adjust our underwriting standards and limits in response to observed and anticipated changes in the external environment.We continuously monitor our risk profile to ensure it remains within acceptable limits through adequate monitoring of risk appetite and conducting of stress testing that continues to inform our decision making.

Robust and Disciplined approach to Risk Management: Underpinned by a strong culture of integrity and accountability

We identify, analyze, manage and monitor the risks we face through an integrated risk management framework and control framework supported by formal policies and procedures, clearly delegated authority levels and comprehensive reporting. The Board confirms that our framework has been in place throughout the year under review and as of the date of approval of this Annual Report, and that it is integrated into both our business planning and viability assessment processes. During the year, we maintained a robust and disciplined risk approach which ensures sustainable business growth and strong value creation to our stakeholders.

This section introduces NMB Bank’s approach to **identifying** and **managing risks**, and for fostering a strong risk culture.

Our risk management approach

Our risk management approach ensures consistent and effective management of risk within our board-approved risk appetite and provides appropriate accountability and oversight.

We take a holistic, forward-looking view of the risks we face, assessing both the prevalent and emerging threats in our operating environment. Our well-developed framework supports a consistent approach to risk and capital management throughout the bank.

Our Risk Framework

The Board’s mandate includes determining the bank’s risk appetite and risk tolerance as well as monitoring risk exposures to ensure that the nature and extent of the main risks we face are consistent with our overall goals and strategic objectives. The Board is accountable for reviewing the effectiveness of people, processes and systems via Enterprise Risk Management Framework through the Audit, Risk and Compliance Committee. At the Board, Committee and Management levels, we develop formal policies and procedures which define how risks are systematically identified, assessed, managed, monitored and reported.

Each business line engages in the risk management process by identifying its respective key risks. The principal risks faced by the bank are identified through this bottom-up process. On a day-to-day basis, the Bank’s Management Risk Committees are responsible for the implementation of the bank’s risk management and internal control framework. In line with

our risk culture, managers do “own” the risks originating in their respective business processes. For each material risk identified at any level of the business, the risk is identified, measured, mitigated and monitored in accordance with our Enterprise Risk Management Framework. In regard to such risks, managers are required to report on identified risks and risk responses in a timely, consistent, and systematic manner. The Risk Management Committees regularly reviews and challenges the output from the bottom-up process and assesses the effectiveness of the implementation of the risk management processes, internal controls, policies and procedures. Our reporting process enables key risks to be escalated to the appropriate level of authority and provides assurance to the Management Committees and the Board.

Key developments affecting our principal risks and associated controls are reviewed quarterly (or on an ad hoc basis) by the Board Audit, Risk and Compliance Committee, as appropriate, and the Board.

The Enterprise Risk Management Framework:

The Enterprise Risks Management Framework sets the strategic approach for risk management by defining standards, objectives, and responsibilities for all areas of NMB Bank’s Operations. It is approved by the Board on recommendation of the Bank’s Chief Risk Officer; it is then adopted by the Bank. It supports the Executive Management in effective risk management practices into developing a strong risk culture.

- The ERMF sets out:
- Segregation of duties: The ERMF defines a Three Lines of Defence model.
 - Principal risks faced by the Bank: This list guides the organization of the risk management process, ie. the identification, management and reporting of the principal risks.
 - Risk appetite requirements: This helps define the level of risk we are willing to undertake in pursuing business ambitions.
 - Roles and responsibilities for risk management: The ERMF sets out the accountabilities of the Bank’s CEO and other Members of the Executive Management.
 - The ERMF is complemented by frameworks, policies and manuals which are aligned to individual Principal Risks.
 - Frameworks cover the management approach for a collection of related activities and define the associated policies used to govern them.
 - Policies set out principles and other core requirements for the activities of the Bank. Policies describe “what” must be done.
 - Standards set out the key control objectives that describe how the requirements set out in the policy are met, and who needs to carry them out. Standards describe “how” controls should be undertaken.

Key components of our risk management framework

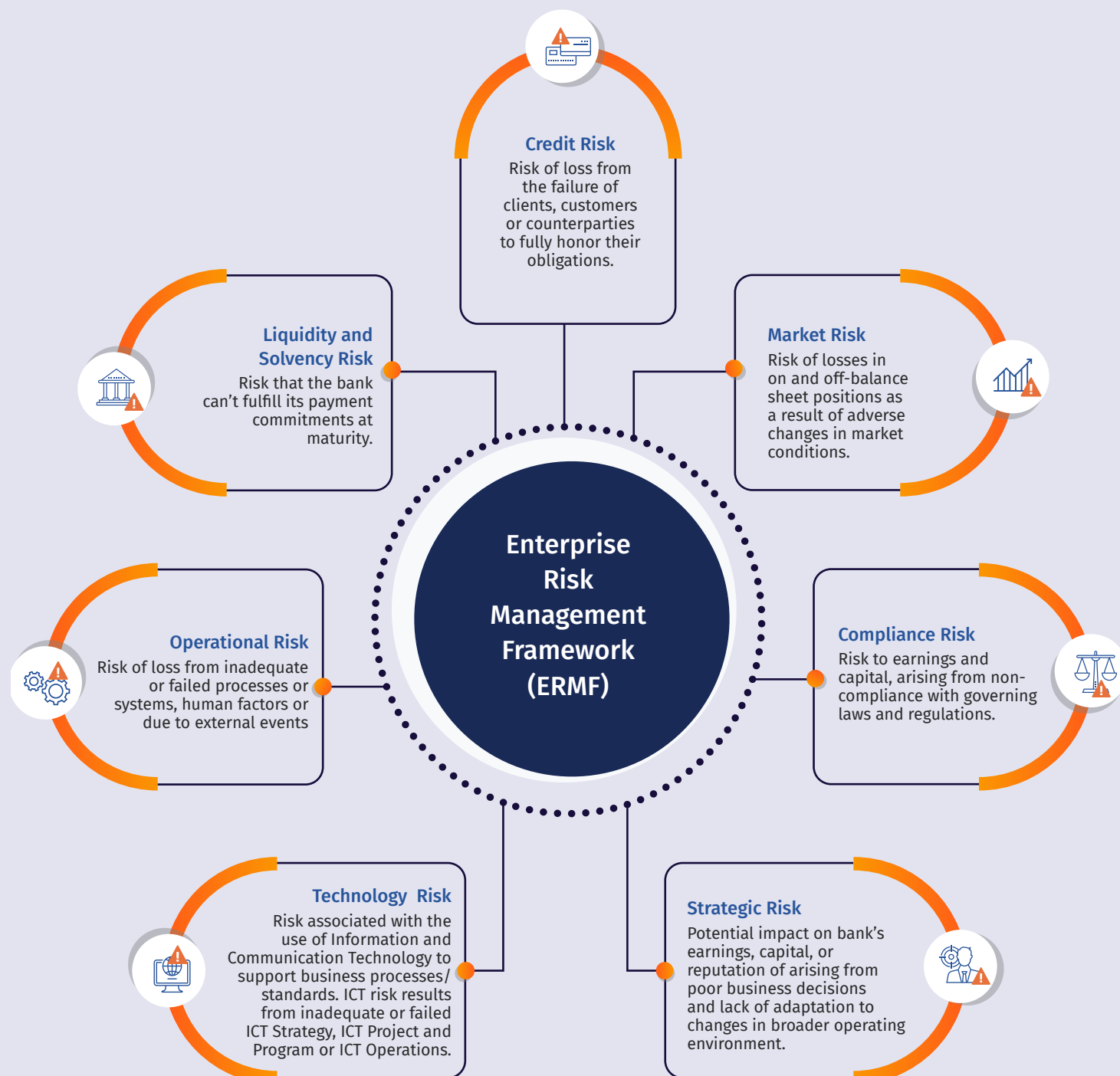
NMB Values and Risk Culture		
Risk governance	Non-executive risk governance	The Board approves the Bank’s risk appetite, plans and performance targets. It sets the “tone from the top” and is advised by the Board Audit, Risk and Compliance Committee (BARCC).
	Executive risk governance	Our executive risk governance structure is responsible for the enterprise-wide risk management, including key policies and frameworks for the management of risk within the bank.
Roles and responsibilities	Three lines of defence model	Our “three lines of defence” model defines roles and responsibilities for risk management. An independent Internal Audit function helps ensure the necessary balance in risk/return decisions.
Processes and tools	Risk appetite	The Bank has processes, policies and manuals in place to identify/assess, monitor and reporting of key risks.
	Enterprise-wide risk management tools	
Internal controls	Active risk management: Identification/assessment, monitoring and reporting	Policies and procedures define the minimum requirements for the controls required to manage our risks.
	Policies and procedures	
	Control activities	
	Systems and infrastructure	Operational and resilience risk management defines minimum standards and processes for managing operational risks and internal controls.
		The Bank has systems and processes that support the identification, capture and exchange of information to support risk management activities.



Principal risks

The ERMF identifies eight principal risks and sets out associated responsibilities and expectations around risk management. The principal risks are-credit risk, market risk, liquidity and solvency risk, technology risk, operational risk, compliance risk, and strategic risk.

Each of the principal risks is overseen by an accountable executive within the Bank who is responsible for the framework, policies and standards that detail the related requirements. Risk reports to executive and Board committees are articulated per the Principal Risks. In addition, certain risks span more than one principal risk; these are also subject to the ERMF and are reported to executive and Board committees.



Our Risk Management Strategy



Strategic risk management

Our strategy in risk management entails:

- **Risk identification:** Performance of an impact analysis of risks which arise from growth plans, strategic and business model vulnerabilities.
- **Risk appetite:** Performance of an impact analysis to confirm that the growth plans and strategic initiatives are within the Board Approved Risk Appetite.
- **Stress Testing:** The outcomes of the risk identification process are used to develop the scenarios for stress tests, then results of the stress tests are used to recommend strategic actions.

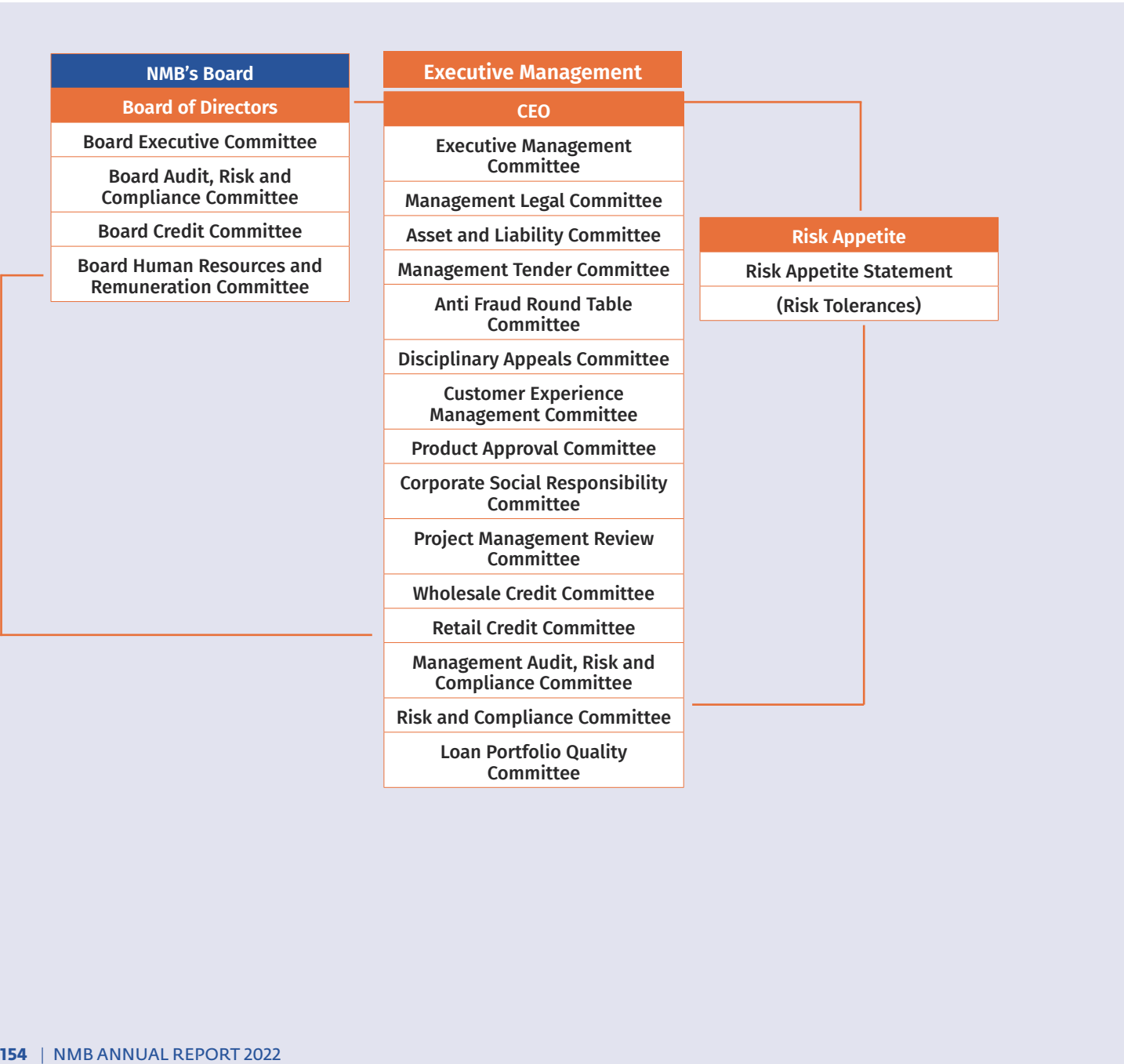


Risk governance

Ultimate responsibility for setting our risk appetite and for the effective management of risk rests with the Board.

Acting within an authority delegated by the Board, the Board Audit, Risk and Compliance Committee (BARCC), whose membership is comprised exclusively of non-executive directors, has the responsibility for oversight and review of prudential risks including, but not limited to, credit, market, capital, liquidity, compliance, strategy and operational. It reviews the bank’s overall risk appetite and makes recommendations thereon to the Board. Its responsibilities also include reviewing the appropriateness and effectiveness of the bank’s risk management processes and controls, considering the implications of material regulatory changes.

The BARCC receives regular reports on risk management, including our portfolio trends, policies and standards, stress testing, liquidity and capital adequacy, and is authorized to investigate or seek any information relating to an activity within the Board Charter.



The Board has ultimate responsibility for the effective management of risk and approves our risk appetite. It is responsible for delineating the overall risk- management strategy and supervising the risk-management framework of the Bank, directly or through the Audit, Risk and Compliance Committee.

Main duties of the Board of Directors around risk management are:

- Establishing the risk appetite and risk capacity framework of the Bank.
- Approving a risk-management policy consistent with the risk-appetite framework, including the establishment of risk limits in the various areas of activity and main risk areas.
- Providing clear guidance to senior management with regard to risk management, based on the recommendations of the executive committee, headed by the CEO, and ensuring that senior management takes the necessary actions in order to identify, measure control and monitor risks.
- Approving methodologies for risk assessment and control, and for the allocation of capital in respect of risks
- Supervising and monitoring the implementation of the established risk-management policy; examining the Bank’s actual risk profile and examining the processes and actions that the Bank must apply to comply with all regulatory directives.

Risk Committees

To facilitate strong risk oversight, the following risk committees have been established.

At Board level, there are three Board-level forums which oversee the application of the ERMF and review and monitor risk across NMB Bank PLC. These are: the NMB Bank PLC Board Audit Risk and Compliance Committee; Board Credit Committee and the Board Human Resources and Remuneration Committee which oversees among other things, pay practices focusing on aligning pay to sustainable performance in line with policies. Finally, the NMB Bank PLC Board receives regular information on the risk profile of the Bank and has ultimate responsibility for risk appetite and capital plans, within the parameters.

- **The Board:** One of the Board’s responsibilities is the approval of the risk appetite of the Bank. The NMB Bank PLC Board is also responsible for the adoption of the ERMF.
- **Board Credit Committee:** The Committee assists the full Board in the management of credit risk by reviewing continuously the credit portfolio, credit standards and Credit Policy requirements.
- **Board Human Resources and Remuneration Committee (BHRRC):** The BHRRC receives a detailed report on HR related risk, performance management, risk profile, and proposals on ex-ante and ex-post risk adjustments remunerations. These inputs are considered in the setting of performance incentives. The primary function of the of the Committee is

to assist the Board of Directors in fulfilling its oversight responsibility to shareholders by ensuring that the bank has coherent remuneration policies and practices that fairly and responsibly reward executives and staff having regard to performance, standards and governing laws.

- **The Board Audit, Risk and Compliance Committee (BARCC):** The BARCC oversees the identification, analysis, monitoring, and reporting of credit, market, liquidity, operational and reputational risks. To facilitate the BARCC’s risk oversight, key risk management committees have been established, as articulated on page 156.

The BARCC also reviews certain key risk methodologies, the effectiveness of risk management, and NMB Bank’s risk profile, including the material issues affecting each business portfolio and forward risk trends. The committee also commissions in-depth analyses of significant risks, which are presented by the Chief Risk Officer and Chief Compliance Officer. It also receives regular reports on the effectiveness of internal controls systems and processes, and a quarterly review of the adequacy of impairment allowances, relative to the risk inherent in the portfolios, the business environment, and NMB Bank’s policies and methodologies.



The BARCC also oversees the identification, monitoring, management and reporting of credit, market, liquidity, operational and reputational risks. To facilitate the BARCC’s risk oversight, the following risk management committees have been established.

Risk management committees	
Executive Management Committees	As the overall executive body regarding strategy, performance, and risk matters. From a risk perspective the EXCO oversees NMB’s risk management and control environment.
Asset and Liability Committee	Each of the committees reports to the Executive Committee, individually and collectively they serve as executive forums to discuss and implement NMB’s risk management.
Key responsibilities of these committees in summary:	
Wholesale Credit Committee.	<ul style="list-style-type: none">• Assess and approve risk-taking activities.• Oversee NMB’s risk management infrastructure, which includes frameworks, decision criteria, authorities, people, policies, standards, processes, information, and systems.• Approve risk policies and procedures, stress testing scenarios, and the evaluation and endorsement of risk models.• Assess and monitor specific credit concentration.• Recommend stress-testing scenarios (including macroeconomic variable projections) and review the results.• Review and approve credit applications as per mandated credit thresholds.
Retail Credit Committee	
Management Audit, Risk and Compliance Committee	
Risk and Compliance Committee	
Loan Portfolio Quality Committee	
The members in these committees comprise representatives from the Executive Committee as well as key business and support units.	
Product Approval Committee (PAC)	The PAC oversees new product approvals, which are vital for mitigating risk within the Bank. The committee assesses the reputational risk and suitability of products. In addition, the committee assesses whether we have the appropriate systems to monitor and manage the resulting risks.

With a view to strengthen the overall risk and governance framework of the bank, in 2022, we separated the Risk and Compliance Functions by creating two separate directorates, under Chief Risk Officer, and Chief Compliance Officer. The Chief Risk Officer (CRO), and Chief Compliance Officer (CCom) who are members of the Bank’s Executive Committee and reports to the CEO, oversee the Risk and Compliance management functions, respectively. This structure ensures that the CRO and CCom are actively involved in key decision-making matters, enabling a more holistic



Working closely with the risk and business committees, the CRO and CCom are responsible for the following:

- Management of NMB’s risks, including systems and processes to identify, measure, control, monitor, and report risks.
- Engagement with Executive Management on material matters regarding all risk types as articulated in the bank’s Enterprise Risk Management Framework.
- Development of risk controls and mitigation processes
- Ensuring NMB’s risk management is effective, and the Risk Appetite established by the Board is adhered to.
- Identifying and assessing risks associated with the bank’s current and proposed future business activities, including new products and any extension of operations or network.
- Advising management and Staff on the applicable laws, regulation, rules and standards and informing them about any developments in these areas.
- Supporting management in building a robust risk and compliance culture based on ethical standards of behavior and thus contributing to effective corporate governance.
- Assessing the appropriateness of internal policies, procedures and operational processes, and make recommendations for enhancements, where necessary.

- Monitoring compliance with regulatory requirements, internal policies and procedures, and supervising the implementation of corrective measures to mitigate the identified deficiencies.
- Managing relationships with relevant external authorities and regulators, whose rules NMB is subject to.

Internal controls framework
Our Three Lines of Defence

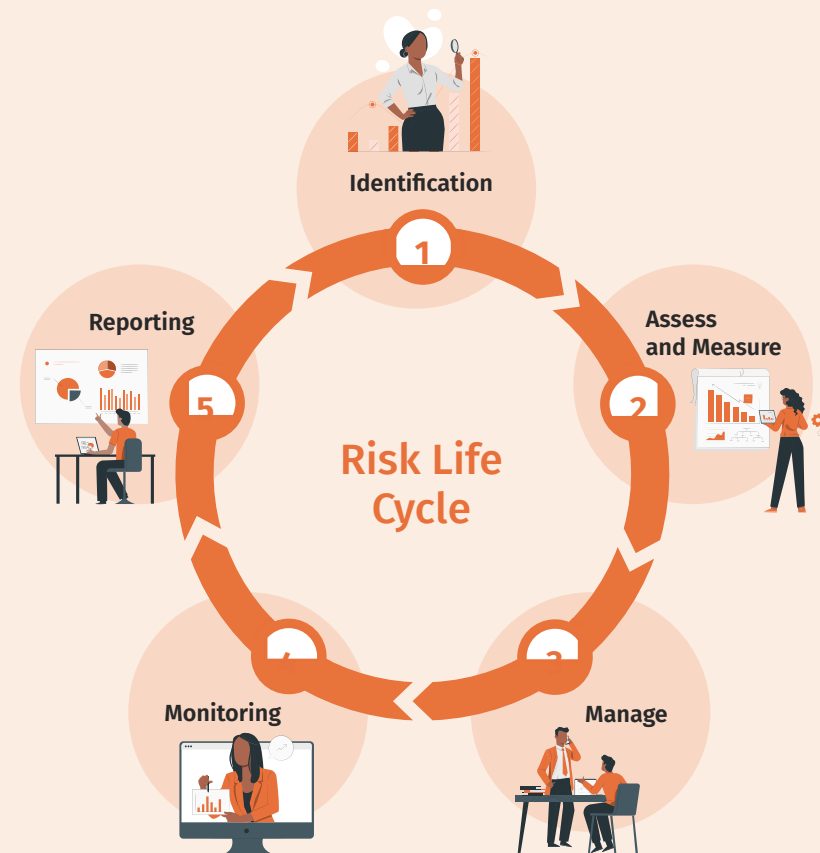
Roles and responsibilities for risk management are defined under a ‘three lines of defence’ model. Each line of defence describes a specific set of responsibilities for risk management and control.

This model delineates management accountabilities and responsibilities for risk management and the control environment. The model underpins our approach to risk management by clarifying responsibility and encouraging collaboration, as well as enabling efficient coordination of risk and control activities. As such, all NMB Bank’s employees are responsible for understanding and managing risks within the

context of their individual roles and responsibilities, as set out below:

- First line of defence:** all employees are required to ensure the effective management of risks within the scope of their direct organizational responsibilities. The first line is responsible for identifying and managing the risks they generate, establishing a control framework, and escalating risk events to Risk and Compliance.
- Second line of defence:** this comprises the Risk Control Owners, supported by their respective control functions. Risk Control Owners are responsible for ensuring that the risks within the scope of their responsibilities remain within appetite. The scope of a Risk Control Owner’s responsibilities is defined by a given Risk Type and the risk management processes that relate to that Risk Type.
- Third line of defence:** the independent assurance provided by the Internal Audit (IA) function. Its role is defined and overseen by the Board Audit, Risk and Compliance Committee.





Risk appetite and risk thresholds

Risk appetite is an expression of the amount of risk we are willing to take in pursuit of our strategic objectives, reflecting our capacity to sustain losses and continue to meet our obligations arising from a range of different stress trading conditions.

Our Risk Appetite is set by the Board and governed by the Risk Appetite Statement. This seeks to reinforce our risk culture and provide clarity on the risks that we are willing to accept. A robust organizational risk and

governance culture, helps us to further embed our Risk Appetite. We define our risk appetite in terms of both volatility of earnings and the maintenance of adequate regulatory capital requirements under stress scenarios. We also define a risk appetite with respect to liquidity risk, operational risk and reputational risk. Our quantitative risk profile is assessed through a bottom-up analytical approach covering all of major businesses and products. It is also assessed

against a range of exposure concentration thresholds.

The bank's risk appetite statement is approved by the Board and forms the basis for establishing the risk parameters within which the businesses must operate, including policies, concentration limits and business mix.

We will not compromise adherence to our risk appetite in order to pursue revenue growth or higher returns.

Credit risk	Market risk	Operational risk	Liquidity risk	Reputational risk
<ul style="list-style-type: none">ObligorIndustryCountry (transfer risk)	<ul style="list-style-type: none">Trading book (product desk)Banking book (business segment)	Manage through policies and standards	<ul style="list-style-type: none">CurrencyLocation	Manage through policies and standards
Manage concentration risk by using triggers and limits	Manage market risk by using limits	Maintains and manages thresholds to ensure operational efficiency	Maintain counterbalancing capacity to meet the liquidity risk exposure and complementary measures	

Stress Testing

Stress testing is an integral part of our risk management process. It includes both sensitivity analysis and scenario analysis and is conducted regularly. Additional stress tests are carried out in response to microeconomic and macroeconomic conditions or portfolio developments. Every stress test is documented, and the results are discussed at the BARCC.

Stress testing and scenario analysis are used to assess the financial and management capability of the bank to continue operating effectively under extreme but plausible operating conditions. Such conditions may arise from economic, regulatory, legal, political, environmental, and social factors.

Our stress testing framework is designed to:

- Contribute to the setting and monitoring of risk appetite.
- Identify key risks to our strategy, financial position, and reputation.
- Support the development of mitigating actions and contingency plans.

- Ensure effective governance, processes and systems are in place to co-ordinate and integrate stress testing.
- Ensure adherence to regulatory requirements.

Our stress testing process focuses on the potential impact of macroeconomic, geopolitical, and physical events on relevant customer segments, product lines and asset classes.

NMB Bank's risk culture

Risk culture can be defined as the norms, attitudes and behaviors related to risk awareness, risk taking and risk management. This is reflected in how the Bank identifies, escalates and manages risk matters.

NMB Bank PLC is committed to maintaining a robust risk culture in which:

- a. management expect, model, and reward the right behaviors from a risk and control perspective.
- b. staff identify, manage, and escalate risk and control matters, and meet their responsibilities around risk management.

- c. Specifically, all NMB Bank's employees regardless of their positions, functions or locations must play their part in the Bank's risk management. All employees are required to be familiar with risk management policies which are relevant to their responsibilities, know how to escalate actual or potential risk issues, and have a role-appropriate level of risk management process as defined by the ERMF.

Our Code of Conduct

All NMB Bank's staff must attest to the Bank's Code of Conduct, and comply with all frameworks, policies and standards applicable to their roles. The Code of Conduct outlines the purpose and values which govern our way of working. It constitutes a reference point covering the aspects of colleagues' working relationships, with other NMB employees, customers and clients, governments and regulators, business partners, suppliers, competitors, and the broader community.

Risk Performance overview

NMB Bank has a defined risk appetite, approved by the Board, which is an expression of the amount of risk we are prepared to take and plays a central role in the development of our strategic plans and policies. We also regularly conduct stress tests and monitor concentrations to ensure that we are operating

within our approved risk appetite.

We periodically review and adjust our thresholds and limits (as part of our risk appetite review) in response to observed and anticipated changes in the external environment. In 2022, we maintained a strong risk culture whilst continuing to

accelerate sustainable business growth.

Our lending portfolio continues to be strong and with on-going diversification efforts pointing towards a positive trend. We continue to diversify our portfolio across a wide range of products, sectors, and customer



segments, with the aim of ensuring future risk mitigation. During the year, we saw strong year-on-year asset growth momentum in our areas of strategic focus. Our Agriculture Loan portfolio grew 137% Year-on-Year, our SME Loan Portfolio also grew 19% Year-on-Year, and in line with our keen focus to drive loyalty in our Mass Segment, our Personal Loans portfolio also delivered strong Year-on-year growth of 23%. To accelerate Pan-Bank growth ambitions, we are also scaling up our Wholesale Banking Business. The Business registered a commendable Loan Portfolio growth of 29%, crossing TZS 10 trillion mark.

Market risk is closely monitored by the Market Risk Team in close collaboration with the Treasury Team. A number of tools are used to control this risk e.g., system limits, dealer mandates etc. There is also close monitoring and tracking of market risk issues in the monthly Asset and Liability Committee (ALCO) and other key Management Committees. This is further supplemented with extensive stress testing, which takes into account, of more extreme price movements. Further details on market risk are given on pages 312 to 318 of the Audited Financial Statements. Four comprehensive rounds of stress-testing performed in 2022 incorporating stress scenarios for all key risk factors (liquidity, solvency, market, credit, operational risk as well as a black swan combined stress scenario).

Our liquidity in 2022 continued to benefit from our on-going deposit mobilization strategies, which helped us to maintain a prudent advances-to-deposits ratio. Liquidity will continue to be deployed to support our long-

term growth ambitions in key customer segments. Through our wide branch network, enhanced customer propositions, and solid financial footing, we were able to attract and mobilize a good mix of deposits to support our business growth ambitions. Customer deposits grew by 14% year on year to TZS 7.6 trillion as at December 2022, with the majority being comprised of low-cost deposits. CASA commands 86% of the Bank's total funding, with the funding mix remaining broadly similar on a year-on-year basis with no major changes in 2022 compared to the year 2021.

We maintain a strong focus on Liquidity management, ensuring that we can meet all short-term funding requirements and that our balance sheet remains structurally and optimally solid, sound, and stable to support sustainable growth ambitions. Our customer deposit base is diversified by type and maturity and we are a net provider of liquidity (LCY) to the interbank in the Tanzania money markets. Further details on liquidity are given on pages 319 to 321 of our Audited Financial Statement.

We continue to strengthen our risk governance structure, in line with Global best practices. Members of our Executive Committee (the ExCo) sit on our Risk Management Committees, which ensures that risk oversight is a critical focus for all our Executives. Board Committees provide additional risk management oversight and challenge.

We also continue to build on the bank's risk culture. Operational Risk Management, in particular, continues to be enhanced across all functional and business areas of the bank. We are strengthening our operational risk management by anticipating

a wide variety of operational risks on the horizon. Operational risk is covered in more detail on page 210.

In 2022, the bank's overall impairment charges were lower compared to the previous year, driven principally by overall improvements in asset quality due to continued focus on quality origination and credit risk management, and strong traction of on-going recovery efforts. As a result, Credit impairment charge of TZS 81 bn, is below previous year by 28%.

In Retail Banking, the total loan impairment provisions for 2022 continued to remain low as a percentage of loans and advances. There was, however, a marginal increase in overall impairment in line with portfolio growth and our continued strategic focus of growing the Agriculture and MSME portfolio, which are susceptible to macro-economic headwinds, compared to the historically stable Personal loan segment. Inherently, across the market, these portfolios tend to have both higher impairment rates and higher returns. We remain disciplined in our approach to risk management and proactive in our collection efforts to minimize account delinquencies. Recoveries continued to gain strong traction during the period.

In Wholesale Banking, our provisions were primarily related to a few clients with large exposures. While we do not see a broad-based deterioration in asset quality, we have increased the number of clients subject to additional precautionary monitoring reflecting our proactive approach to managing risk in an uncertain environment.

The advances-to-deposits ratio remained strong, closing at 76 per cent as we experienced good rates of deposit growth at the end of Quarter 4, 2022. . With the Liquid Assets Ratio (LAR) of 27.27% as at the end of December 2022, we believe that our balance sheet can adapt to opportunities and changes in our external context, enabling us to respond appropriately to borrowers and new prospects when these arise.

The bank has also continued to demonstrate laudable operational efficiency, with further gains resulted in improved cost-to-income ratio to 42% from 47% in the same period last year, being well within the regulatory threshold of 55%.

Overall, the Bank continues to remain vigilant on the risks and uncertainties emanating from global macro-economic headwinds.



Principal uncertainties

Identifying, prioritizing and managing our risks to support our goals and strategic objectives

We outline the principal and emerging risks and uncertainties that are most likely to have an impact on our strategic objectives, business model, operations, future performance, solvency, and liquidity. These principal and emerging risks are described in the table below, together with the key drivers/trends, the material controls, and the mitigation actions we have taken.

It is recognized that risk identification is a continuous process, hence the bank may be exposed to wider risks than those listed. Additional risks, including those that the bank is currently not aware of or deems immaterial, may also result in decreased revenues, incurred expenses or other events that could result in a decline in the value of the bank's securities. We disclose those that we believe are likely to have the greatest impact on our business and the order in which the principal risks and uncertainties appear does not denote their order of priority.

The below should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties that we may experience.

Principal uncertainties (summary)

Risk	Description	Mitigants
Global Macro-economic Headwinds	Global macroeconomic headwinds can have an impact on our performance via their influence on personal expenditure and consumption patterns; demand for business products and services; the debt service burden of consumers and businesses; the general availability of credit for retail and corporate borrowers; and the availability of capital and liquidity funding for our business.	<ol style="list-style-type: none">1. We balance risk and return, taking account of changing conditions through the economic cycle.2. We monitor both global and country level economic trends very closely and continuously review the suitability of our risk policies and controls.3. We conduct stress tests on possible scenarios to forecast impact of certain market risks on our performance, and ensure we take correct mitigating actions.
Geopolitical Events	We face a risk that escalating geopolitical events or conflicts could further impact trade flows, exert further inflationary pressures, and impact some of our clients' ability to pay.	<ol style="list-style-type: none">1. We actively monitor the global political situations and conduct regular stress tests of the impact of such events on our portfolios, which inform assessments of risk appetite and any need to take mitigating actions.
Evolving regulatory and reporting landscape	<p>Future changes in economic policies, laws and regulations may have an impact on the bank's strategy. These changes could also affect the volatility and liquidity of financial markets, and more generally the way we conduct business and manage capital and liquidity.</p> <p>The evolving regulatory and reporting landscape – including Basel reforms, overhaul of accounting standards, financial crime risks (encompassing money laundering and sanction risks), emerging privacy, cyber security, and conduct legislation – may affect our business model and give rise to compliance risks.</p>	<ol style="list-style-type: none">1. We review key regulatory developments in order to anticipate changes and their potential impact on our performance.2. We respond both unilaterally and through our participation in industry groups to consultation papers and discussions initiated by our Regulators and the Government.
Fraud Risk	The risk of fraud and other criminal activities is growing as criminals become more sophisticated and as they take advantage of the increasing use of technology in society	<ol style="list-style-type: none">1. We have a broad range of measures in place to monitor and mitigate this risk including investments in cyber defence, continuous fraud awareness programs, and enhancement of control features on our digital platforms.2. Controls are embedded in our policies and procedures across a wide range of the bank's activities, such as origination, recruitment, physical and information security.
Cyber Security	The prevalent threat of cyber-attacks on financial institutions remains one of our top concerns.	<ol style="list-style-type: none">1. We continue to enhance our focus on driving digital transformation whilst strengthening our monitoring against cyber risks.
Data Governance	The increasing use of data for processing and decision-making has led to concerns on how it is being used.	<ol style="list-style-type: none">1. We continuously enhance our framework for data governance so as to ensure that we use data responsibly and appropriately.
Climate Change	Climate change poses increasingly serious threats to the global economy. Transition to a low carbon economy may entail extensive policy, legal, technology and market changes which can give rise to credit, operational and reputational risks	<ol style="list-style-type: none">1. Climate change is a wide topic addressed in various parts of our business. We currently manage climate risk as one of the core risks facing our business in line with Regulatory Requirements.

NMB Risk Profile

The bank defines risk as a potentially negative impact on the bank's value that can arise due to internal processes or future internal or external events. The concept of risk includes the probability that an event will occur and the impact it could have on the bank's results, equity or value. The Principal Risk categories for NMB correspond to those defined by the Bank of Tanzania's Risk Management Guidelines and consist of **Operational Risk, Credit Risk, Liquidity Risk, Market Risk, Compliance Risk, Technology Risk and Strategic Risk**.

1. Credit risk management at NMB

Credit risk is managed through a framework that sets out policies and procedures covering the measurement and management of credit risk. There is segregation of duties between transaction originators in the businesses and approvers in the Credit function. All credit exposure limits are approved within a defined credit approval framework.

Our approach to credit risk management comprises the following building blocks:

- Policies
- Risk methodologies
- Processes, systems and reports

Credit policies

Credit risk is managed through a thorough and deep understanding of our corporate customers' commercial activities, risks, returns and needs

through an understanding of the businesses they are in, as well as the economies in which they operate. In addition, it is managed through statistical credit scoring models and data analytics for retail customers.

The establishment of risk appetite per sector, assignment of credit risk ratings and setting of lending limits are integral parts of the bank's credit risk management process, whereby risk rating models are used for our corporate and higher end retail portfolios. Most of these models are built internally using bank's loss data, and the limits are driven by the Risk Appetite Statement and the Target Market as approved by the Board of Directors.

Wholesale borrowers are assessed individually using both judgmental credit risk assessment by assessing individual risks facing the business and scored credit risk grading models. They are further reviewed and evaluated by experienced credit risk underwriters who take a wholistic view of the credit and other risks in the final determination of the borrower's risk reward relationship for the Bank. For the higher end retail credit facilities, client applications are assessed using a similar approach, using credit reference bureau records as well as internally and externally available customer behavior records supplemented by the Bank's Risk Appetite statement. In addition, for the lower end retail segment clients, an automated scored lending system is used.

The assignment of credit risk ratings and setting of lending limits are integral parts of bank's credit risk management process, and we use an array of rating models for our corporate and

retail portfolios. Most of these models are built internally and the limits are driven by our Risk Appetite Statement.

Refer to page 275 to read more about our internal credit risk models.

Concentration risk management

Credit concentration risk may arise from a single large exposure or from multiple exposures that are closely correlated. This risk arises (i) if an individual unit's exposure is sufficiently large; or (ii) there is a high degree of correlation between one or more of the risk metrics across the following parameters:

- **Single borrower:** the default of a single obligor or group of aggregated obligors.
- **Collateral:** deterioration in the value or liquidity of similar collateral held against one or many obligors.
- **Industry:** deterioration in the economic or external factors affecting obligors in a specific sector
- **Geography:** deterioration in the economic environment or other external factors affecting obligor on a specific geographic location.
- **Product:** change in the risk profile of a specific product or set of products resulting from either internal factor (e.g. Change in maximum concentration limits across obligor and portfolios).

Credit monitoring

We regularly monitor credit exposures, portfolio performance, and external trends that may impact risk management outcomes.



Internal risk management reports are presented to risk committees, containing information on key environmental, political, and economic trends across major portfolios.

Processes, systems and reports:

We constantly invest in systems to support risk monitoring and reporting for our Wholesale Banking and Retail Banking businesses.

The end-to-end credit process is continually being reviewed and improved through various front-to-back initiatives involving the business units, the operations unit, the risk management units and other key stakeholders. Day-to-day monitoring of credit exposures, portfolio performance and external environmental factors potentially affecting credit risk profiles is key to our philosophy of effective credit risk management.

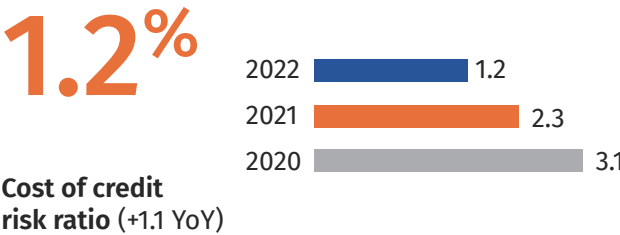
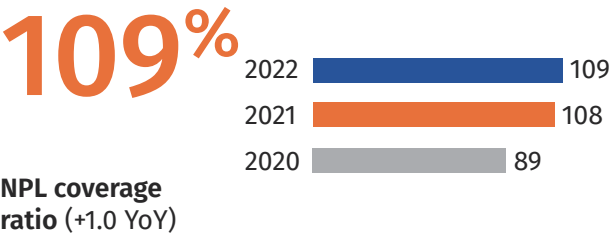
In addition, credit trends, which may include industry analysis, early warning alerts are submitted to the various risk committees, allowing key strategies and action plans to be formulated and evaluated. Credit control functions also ensure that any credit risk taken complies with the credit risk policies and standards. These functions ensure that approved limits are activated, credit excesses and policy exceptions are appropriately endorsed, compliance with credit standards is carried out, and covenants established are monitored.

Independent credit risk management function that reports to the CRO is responsible for developing and maintaining a robust credit stress testing programme. This unit oversees the implementation of credit stress tests as well as the analysis of the results, of which management, various risk committees and regulators are informed.

Asset quality KPIs

Against the backdrop of the COVID-19 crisis and Russia-Ukraine War, the loan portfolio quality has been resilient. Driven by prudent risk management practices, coupled with enhanced focus on quality of our origination, our portfolio quality continues to improve markedly. During the period we also saw an increase in recoveries, in both the Retail and Wholesale Banking lending portfolios, resulting in a lower than normalized level of provisions in 2022. As a result, cost of credit risk ratio decreased from 2.3% in 2021 to 1.2% in 2022.

NPLs to gross loans improved from 3.6% on 31 December 2021 to 3.0% at 31 December 2022, and our NPL coverage ratio increased from 108% at 31 December 2021 to 109% at 31 December 2022.



Cost of credit risk ratio equals expected credit loss (ECL) on loans to customers and finance lease receivables for the year divided by monthly average gross loans to customers and finance lease receivables over the same year.



2. Market risk management at NMB

We recognize market risk as the potential for loss of earnings or economic value due to adverse changes in financial market rates or prices.

Market Risk is defined as the risk of loss arising from potential adverse changes in the value of the NMB's assets and liabilities from fluctuation in market variables including, but not limited to, interest rates, foreign exchange, equity prices, commodity prices, credit spreads, implied volatilities, and asset correlations.

The primary categories of market risk for NMB Bank are:

Liquidity Risk

The risk that NMB, although balance-sheet solvent, cannot maintain or generate sufficient cash resources to meet its payment obligations in full as they fall due (because of funding liquidity risk), or can only do so at materially disadvantageous terms (because of market liquidity risk).

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Capital Risk

The risk that the NMB has an insufficient level or composition

of capital to support its normal business activities and to meet its regulatory capital requirements under normal operating environments or stressed conditions (both actual and as defined for internal planning or regulatory testing purposes).

Our approach to Market risk management comprises the following building blocks:

Policies
Risk methodologies
Processes, systems and reports

Policies

Our exposure to market risk arises principally from customer-driven transactions. The objective of our market risk policies and processes is to obtain the best balance of risk and return whilst meeting customers' requirements.

The Bank's Treasury Policy sets our overall approach towards market risk management. The Treasury Policy consists of Liquidity Risk Guidelines, Market Risk Guidelines, Interest Risk Guidelines and the Contingency Funding Plan. The Guidelines complement the Treasury Policy by providing more details regarding specific subject matters. Collectively, the Guidelines facilitate the identification, measurement, control, monitoring and reporting of market risk in a consistent manner. They also set out the overall approach, standards and controls governing market risk stress testing within NMB Bank.

Risk methodologies

We measure the risk of losses arising from future potential adverse movements in market rates, prices and volatilities using a VaR methodology. VaR, in general, is a quantitative measure of market risk that applies recent historical market conditions to estimate the potential future loss in market value that will not be exceeded in a set time period at a set statistical confidence level.

Value-at-Risk (VaR) is a method that computes the potential losses of risk positions as a result of market movement over a specified time horizon and according to a given level of confidence.

Processes, systems, and reports

Robust internal control processes and systems have been designed and implemented to support our market risk management approach. NMB reviews these control processes and systems regularly, and these reviews allow senior management to assess their adequacy.

Select Market Risk KPIs Capital and liquidity KPIs:

Maintaining strong capital and liquidity positions has been one of the Bank's priorities so as to ensure sustainable business growth momentum. At 31 December 2022, the Bank's, Tier 1 and Total capital adequacy ratios stood at 23.07%, and 23.09%, respectively, well above the minimum required levels of 12.5%, 14.5%. As a result of our robust operating performance and strong internal capital generation, the Bank sustained dividend payments

in 2022, declaring and paying a final dividend in the June 2022.

The Bank’s liquidity and funding positions have remained strong. The Bank maintained optimal liquidity levels during 2022, with

a healthy position of assets held for managing liquidity risk. These comprise of:

- Cash and balances with the Bank of Tanzania (excluding SMR);

- Investment in government securities; and
- Placements and balances with other banks

Non-derivative cash flows

As at 31 December 2022	Up to1 month TZS millions	1 - 3 months TZS millions	3 - 12 months TZS millions	Over 1 year TZS millions	Total TZS millions
Liabilities					
Deposits from customers	2,728,243	2,387,661	2,289,563	194,680	7,600,147
Deposits from banks	12,445	-	-	-	12,445
Long term borrowing*	-	5,952	289,487	453,915	749,354
Lease liabilities	-	-	20	3,513	3,533
Other liabilities (excluding non-financial liabilities)	48	36	109,991	1,840	111,915
Total liabilities	2,740,736	2,393,649	2,689,061	653,948	8,477,394
Assets held for managing liquidity	1,290,985	137,039	413,688	1,811,822	3,653,535

3. Operational risk

Operational risk is the potential for loss arising from the failure of people, process or technology or the impact of external events. Operational risk exposures are managed through a consistent set of management processes that drive risk identification, assessment, control, and monitoring. We seek to control operational risks to ensure that operational losses do not cause material damage to the Bank.

Operational risks can arise from all business lines and from all

activities carried out by the Bank. We seek to systematically identify and manage operational risk by segmenting all our activities into manageable units. Each of these has an owner who is responsible for identifying and managing all the risks that arise from those activities as an integral part of their first line responsibilities. Products and services offered to clients and customers are also assessed and authorized in accordance with product governance procedures.

Although operational risk exposures can take many varied forms, we seek to manage them in accordance with standards that drive systematic risk identification, assessment, control, and monitoring. These standards are challenged and reviewed regularly to ensure their ongoing effectiveness. To support the systematic identification of material operational risk exposures associated with a given process, we classify them into the following types:

Operational risk subtypes	
Process failure	Potential for loss due to failure of an established process or to a process design weakness
External rules and regulations	Potential for actual or opportunity loss due to failure to comply with laws or regulations, or as a result of changes in laws or regulations or in their interpretation or application
Liability	Potential for loss or sanction due to a legal claim against the Bank or individuals within the Bank
Legal enforceability	Potential for loss due to failure to protect legally the Bank’s interests or from difficulty in enforcing the Bank’s rights
Damage to assets	Potential for loss or damage to physical assets and other property from natural disaster and other events
Safety and security	Potential for loss or damage to health or safety of staff, customers or third parties arising from internal failures or the effects of external events
Internal crime or dishonesty	Potential for loss due to action by staff that is intended to defraud, misappropriate property or to circumvent the law or company policy
External financial crime	Potential for loss due to criminal acts by external parties such as fraud, theft and other criminal activity



Risk Governance

Identified operational risk exposures are rated ‘low’, ‘medium’, ‘high’ or ‘very high’ in accordance with defined risk assessment criteria. Risks that are outside set materiality thresholds receive a differential level of management attention and are reported to senior management and risk committees up to Board level. Significant external events or internal failures that have occurred are analyzed to identify the root cause for remediation and future mitigation. Actual operational losses are systematically recorded.

In the second line of defense, Operational Risk Team is responsible for setting and maintaining the standards for operational risk management and control. In addition, specialist operational risk control owners have responsibility for the control of operational risk arising from the management of the following activities Bank-wide: people, technology, vendor, property, security, accounting and financial control, tax, legal processes, corporate authorities and structure and regulatory compliance.



Top and Emerging Risks 2022:

Operational Risk		
Major Risks:	Operational Resilience	
	• Operational Resilience	
	• External Fraud	
	• Cyber-attacks	
	• New and Emerging Technology	
	Operational resilience:	NMB functions in a highly competitive market, with market participants that strive for consistent and smooth business processes. The loss of or disruption to business processing is a material inherent risk within NMB and across the financial services industry, whether arising through impacts on NMB’s technology systems or availability of personnel or services supplied by third parties. Failure to build resilience and recovery capabilities into business processes or into the services of technology, real estate or suppliers on which NMB’s business processes depend may result in significant customer detriment, costs to reimburse losses incurred by NMB’s customers, and reputational damage.
	External fraud:	The nature of fraud is wide-ranging and continues to evolve, as criminals continually seek opportunities to target NMB’s business activities and exploit changes to customer behavior and product and channel use (such as the increased use of digital products and enhanced online services). Fraud attacks can be very sophisticated and are often orchestrated by highly organized crime groups who use ever more sophisticated techniques to target customers and clients directly to obtain confidential or personal information that can be used to commit fraud. The impact from fraud can lead to customer detriment, financial losses (including the reimbursement of losses incurred by customers), loss of business, missed business opportunities and reputational damage, all of which could have a material adverse impact on NMB’s business, results of operations, financial condition and prospects.
	Cyber-attacks:	Cyber-attacks continue to be a global threat that is inherent across all industries, with a spike in both number and severity of attacks observed recently. The financial sector remains a primary target for cyber criminals. Cybersecurity risks are expected to increase with an increase in business requirements to offer internet-based digital services and new ways of working. Furthermore, the bank’s integration with business partners’ systems such as the government to process financial transactions also increases the potential for cybersecurity risks.
	New and Emerging Technologies:	Technological advancements present opportunities to develop new and innovative ways of doing business across NMB, with new solutions being developed both in- house and in association with third-party companies. Introducing new forms of technology, however, has the potential to increase inherent risk.
		Inadequate evaluation, management, and close monitoring of these risk exposures during business development could introduce new vulnerabilities and security flaws and have a material adverse effect on NMB.
		NMB has put in place a set of IT policies to govern all aspects of IT and maintains Business Continuity Planning and Data Recovery Policies and Cyber Risk Management including intrusion detection mechanism, vulnerability management and penetration testing and continues developing proactive monitoring capabilities.
		NMB’s Operational Risk Management involves measurement and analysis tools such as: 1. Key Risk Indicators 2. Risk and Control Self-Assessment tools 3. Risk event management 4. Stress Testing 5. Robust and reliable MIS
		NMB has a dedicated function on technology Innovation that owns, tests, and manages the controls addressing emerging technologies risks.



Report of Directors & Audited Financial Statements

We describe how we approach decision-making and the rules and regulations that we adhere to. We also present our Annual Financial Statements, our accounting policies and all accompanying notes, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”), the Companies Act, 2002 and the Banking and Financial Institutions Act, 2006.

TABLE OF CONTENTS

	PAGE
Corporate information	173
Report of Directors	176
Statement of Directors' responsibilities	230
Declaration of the Chief Financial Officer	231
Independent Auditor's report	232
<i>Financial statements:</i>	
Consolidated statement of profit or loss and other comprehensive income	237
Bank's statement of profit or loss and other comprehensive income	238
Consolidated statement of financial position	239
Bank's statement of financial position	240
Consolidated statement of changes in equity	241
Bank's statement of changes in equity	243
Consolidated statement of cash flows	244
Bank's statement of cash flows	245
Notes	246

INDEX TO THE NOTES

Note	Description	Page
1	Reporting entity	246
2	Adoption of new and revised international financial reporting standards	246
3	Significant accounting policies	252
4	Critical accounting judgements and estimates	267
5	Segment reporting	270
6	Financial risk management	275
7(a)	Interest income (Group)	328
7(b)	Interest income (Bank)	328
8	Interest expenses (Group and Bank)	328
9	Foreign exchange income (Group and Bank)	329
10	Net fees and commission income (Group and Bank)	329
11	Other income (Group and Bank)	329
12	Employee benefits expense (Group and Bank)	330
13(a)	Other operating expenses (Group)	331
13(b)	Other operating expenses (Bank)	331
14(a)	Depreciation and amortization (Group)	332
14(b)	Depreciation and amortization (Bank)	332
15(a)	Current income tax – Income tax expense (Group)	332
15(b)	Current income tax – Income tax expense (Bank)	333
15(c)	Current income tax – Current tax (liabilities)/asset (Group)	334
15(d)	Current income tax – Current tax (liabilities)/asset (Bank)	334
16(a)	Earnings per share (Group)	335
16(b)	Earnings per share (Bank)	335
17	Dividend per share (Group and Bank)	336
18	Cash and balances with Bank of Tanzania (Group and Bank)	336
19	Placements and balances with other banks (Group and Bank)	336
20	Loans and advances to customers (Group and Bank)	336
21(a)	Government securities – At amortised cost (Group and Bank)	338
21(b)	Government securities – At fair value through other comprehensive income (Group and Bank)	338

CORPORATE INFORMATION

DIRECTORS

Name	Remarks
Dr. Edwin P. Mhede	Chairman
Benson Mahenya	Independent Non-executive Director
Hendrik Reisinger	Non-executive Director
Juma Kisaame	Non-executive Director
George Mandepo	Non-executive Director
Clement Mwinuka	Independent Non-executive Director
Ramadhani Mwikalo	Independent Non-executive Director
Aziz Dachi	Non-executive Director

BOARD EXECUTIVE COMMITTEE

Name	Remarks
Juma Kisaame	Chairman
Dr. Edwin P. Mhede	Member
Ramadhani Mwikalo	Member

BOARD AUDIT, RISK AND COMPLIANCE COMMITTEE

Name	Remarks
Clement Mwinuka	Chairman
Aziz Dachi	Member
Benson Mahenya	Member

BOARD HUMAN RESOURCES AND REMUNERATION COMMITTEE

Name	Remarks
George Mandepo	Chairman
Ramadhani Mwikalo	Member
Hendrik Reisinger	Member

BOARD CREDIT COMMITTEE

Name	Remarks
Hendrik Reisinger	Chairman
Juma Kisaame	Member
George Mandepo	Member

AG. COMPANY SECRETARY

Consolatha Mosha

REGISTERED OFFICE

NMB Head Office
Ohio/Ali Hassan Mwinyi Road
P. O. Box 9213, Dar es Salaam

INDEX TO THE NOTES (CONTINUED)

Note	Description	Page
22(a)	Equity investments (Group)	339
22(b)	Equity investments (Bank)	339
23(a)	Other assets (Group)	341
23(b)	Other assets (Bank)	342
24(a)	Property and equipment (Group)	343
24(b)	Property and equipment (Bank)	345
25	Intangible assets (Group and Bank)	347
26	Leases	348
27(a)	Deferred income tax asset (Group and Bank)	350
27(b)	Deferred income tax liability (Group)	351
28(a)	Deposits from customers (Group)	352
28(b)	Deposits from customers (Bank)	352
29	Deposits due to other banks (Group and Bank)	352
30(a)	Other liabilities (Group)	353
30(b)	Other liabilities (Bank)	354
31	Provisions (Group and Bank)	354
32	Borrowing (Group and Bank)	355
33	Subordinated debt (Group and Bank)	358
34	Net debt analysis (Group and Bank)	359
35	Capital and reserves (Group and Bank)	359
36	Cash and cash equivalents (Group and Bank)	360
37(a)	Notes to the statement of cash flows (Group)	361
37(b)	Notes to the statement of cash flows (Bank)	362
38(a)	Financial instruments by category (Group)	363
38(b)	Financial instruments by category (Bank)	364
39	Contingent liabilities and commitments (Group and Bank)	365
40	Effective interest rates of financial assets and liabilities (Group and Bank)	366
41	Related party transactions and balances (Group and Bank)	366
42	Bancassurance	369
43	Events after the reporting period (Group and Bank)	369

CORPORATE INFORMATION (CONTINUED)

AUDITOR	Deloitte & Touche Certified Public Accountants (Tanzania) Plot 152, Haile Selassie Road P.O. Box 1559 Dar es Salaam	
LAWYERS	CSB Law Chambers P.O. Box 375 Morogoro	Vigilance Attorneys P.O. Box 785 Arusha
	Josephat Rweyemamu Advocates P.O. Box 1746 Bukoba	Derost Attorneys & Law Counsellors P.O. Box 1481 Mtwara
	AMMIC Advocates P.O. Box 718 Kahama	Law Associates P.O. Box 11133 Dar es Salaam
	Maleta & Ndumbaro Advocates P.O. Box 79944 Dar es Salaam	Goldmark Attorneys P.O. Box 1605 Dodoma
	Galati Law Chambers Advocates P.O. Box 11317 Mwanza	K & M Advocates P.O. Box 71394 Dar es Salaam
	Vertex Law Chambers P.O. Box 31985 Dar es Salaam	Baistar Advocates P.O. Box 1854 Mbeya
	Locus Attorneys P.O. Box 4110 Dar es Salaam	Brickhouse Law Associates P.O. Box 80512 Dar es Salaam
	B&E Ako Law P.O. Box 71748 Dar es Salaam	CRB Africa Legal P.O. Box 79958 Dar es Salaam
	MM Attorneys P.O. Box 7281 Dar es Salaam	Breakthrough Attorneys P.O. Box 72838 Dar es Salaam

CORPORATE INFORMATION (CONTINUED)
LAWYERS (CONTINUED)

Eastwoods Attorneys P.O. Box 72432 Dar es Salaam	Luno Law Chambers P.O. Box 75045 Dar es Salaam
Clyde & Co P.O. Box 80512 Dar es Salaam	Dexter Attorneys P.O. Box 1976 Dar es Salaam
ADCA Veritas Law Group P.O. Box 63238 Dar es Salaam	Nexlaw Advocates P.O. Box 75578 Dar es Salaam
Vemma Consult Attorneys P.O. Box 7297 Dar es Salaam	Kemi Advocates P.O. Box 106196 Dar es Salaam
KZR Law Chambers P.O. Box 988 Mwanza	Law Associate Advocates P.O. Box 11133 Dar es Salaam

Report of the Directors

1. **The Directors** present their report together with the audited financial statements for the year ended 31 December 2022, which discloses the state of affairs of NMB Bank Plc (the “Bank” or “NMB”) 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.

4. MISSION

To be the Bank of choice, delivering innovative and transformative customer experience that promotes financial inclusion and wellbeing.

5. PRINCIPAL ACTIVITIES

The Bank is a full-service commercial Bank incorporated in the United Republic of Tanzania, and licensed under the Banking and Financial Institutions Act, 2006 to conduct banking business in Tanzania. 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.

It is engaged in taking customer deposits, providing credit facilities, and offering other commercial banking services. Through its three main business divisions: Retail, Wholesale and Treasury, the Bank provides a suite of financial services and products to retail customers, farmers, small businesses, corporates, institutions, and the Government. As at 31 December 2022 the Bank has 227 branches, 781 ATMs, 39 cash collection points, 4 stand-alone Bureau de change outlets and 19,870 active agents across the country. The Bank is listed on the Dar es Salaam Stock Exchange (DSE) in Tanzania.

The Bank's subsidiary Upanga Joint Venture Company Limited (UJVC) is specialized in property development and leasing to potential tenants.

6. CORPORATE GOVERNANCE STATEMENT

The Bank is committed to maintaining high standards of corporate governance which enhance performance, reduce risks and promote the protection of our shareholders' interests. The Board recognizes that sound and effective corporate governance is essential to the long-term success of the organization, creating trust and ensuring positive relationships with our stakeholders.

Striving to uphold exemplary governance practices is a core facet of the Bank's governance and strategic intent. We have a comprehensive range of governance committees, policies and procedures designed to ensure alignment with sound corporate governance practices and principles.

6. CORPORATE GOVERNANCE STATEMENT (CONTINUED)

The Board of Directors (“Board”) of NMB Bank see governance as promoting strategic decision making that balances short, medium, and long-term outcomes, and safeguarding interests of the Organization, and the society in which we operate to create sustainable shared value. The Board has overall responsibility for governance and is accountable to its shareholders. This Governance Report describes how during 2022 the Board has applied the main principles and complied with the relevant provisions of Guidelines on Corporate Governance Practices by Public Listed Companies in Tanzania (1994) and the Banking and Financial Institutions (Corporate Governance) Regulations, 2021.

The Board is committed to the principles of good corporate governance. We regularly review our corporate governance arrangements and practices and have continued to evolve our governance framework and underlying governance structures to reflect evolving good corporate governance norms as well as meeting the needs of the business.

During the year we have undertaken steps to ensure ongoing compliance with the Corporate Governance Code and related Guidelines. Throughout the year ended 31 December 2022, the Company has endeavored to apply the core governance principles and to comply with the provisions of the Code. This statement, and the reports from the Board Committees, set out how we applied and adhered to the Corporate Governance laws, regulations and standards. The Directors' Report also contains information required to be disclosed under the Code of Corporate Governance Practices for Listed Companies (1994) and Disclosure Guidelines and Transparency Rules (DSE Rules, 2022). To the extent necessary, certain information is incorporated into this Report by reference.

7. OUR CORPORATE GOVERNANCE FRAMEWORK

Our corporate governance framework enables the Board to oversee the strategic direction of the organization, financial goals, resource allocation, risk appetite and to hold the executive management accountable for execution.

This statement details the key corporate governance arrangements and practices of NMB Bank Plc and its affiliate companies (hereinafter, the “Bank”). The statement sets out the key components of NMB Bank Plc's corporate governance framework, which provides guidance to the Board, management and employees and defines the roles, responsibilities and expected behaviors and conduct standards.

THE BANK'S GOVERNANCE FRAMEWORK

NMB operates within a clearly defined corporate governance framework which provides for delegation of specific mandates (as may be necessary) and clear lines of responsibility without abdicating the responsibility of the Board. Through the framework, the Board sets out the strategic direction of NMB while entrusting the day-to-day management of the business and the implementation of the Bank's strategy to the Executive Management Team led by the Chief Executive Officer (“CEO”). The Board operates through four committees mandated to review specific areas and assist the Board to undertake its duties effectively and efficiently.

NMB is governed by a Board of Directors (“Board”). The appointment of directors is regulated by the Memorandum and Articles of Association of the Company, as well as the guidelines issued by the Bank of Tanzania (BOT) and the Capital Markets and Securities Authority, pursuant to the Banking and Financial Institutions Act 2006, and the Capital Markets and Securities Act 1994, respectively.

7. OUR CORPORATE GOVERNANCE FRAMEWORK (CONTINUED)

THE BANK’S GOVERNANCE FRAMEWORK (CONTINUED)

NMB’s MEMARTS prescribes that shareholders with more than a 10% stake in the share capital of NMB shall be entitled to nominate one Director for every 10% of the shares held by them. The names are presented to the Annual General Meeting (AGM) for approval and appointments are submitted to BOT for approval.

The Board is accountable to the shareholders for the overall Bank’s performance and is collectively responsible for the long-term success of the Bank. The Board is responsible and accountable for providing effective corporate governance, direction, and control of the company. The Directors have a duty to exercise leadership, enterprise, integrity and judgment based on transparency, fairness, accountability and responsibility.

The Board is composed of nine Directors, three of whom are Independent Non-Executive Directors. The Board is assisted in fulfilling its responsibilities by four principal committees: Executive Committee, Human Resources and Remuneration Committee, Audit, Risk, and Compliance Committee, and Credit Committee. The committee charters are reviewed annually to ensure they are aligned with the most recent version of Corporate Governance Laws, Regulations, and Guidelines, and the Committees function effectively. The relevant Committee recommends any amendments to the Board.

The Board Charter

The Board Charter is reviewed regularly by the Board and provides for a clear definition of the roles and responsibilities of the Bank’s Chairman, Directors as well as the Company Secretary. The roles and responsibilities of the Board Chairman and the Chief Executive Officer are separate and distinct with a clear division of responsibility between the running of the Board and the executive responsibility of strategy execution and running of the business.

8. BOARD’S ROLE AND DIRECTORS’ RESPONSIBILITIES

The Board is responsible to shareholders for creating and delivering sustainable shareholder value through the management of the Bank’s business. Among our responsibilities are developing and overseeing the execution of the Bank’s strategy within a framework of effective risk management and internal controls, demonstrating ethical leadership and upholding corporate governance best practices.

The Board recognizes its duties under the Tanzania’s Companies Act, 2002 (Companies Act, 2002) to promote the long-term success of the Company, taking into account not only the views and interests of our shareholders but also our various stakeholders, such as our employees, our customers, the environment and our community.

Each Director individually recognizes that they have a statutory duty to take into account and represent the Company’s various stakeholders in deliberations and decision-making.

The Board monitors the execution of strategy and financial performance by management. As a Board, we recognize the need to ensure that management strikes the right balance between delivering on short-term objectives and ensuring sustainable long-term growth.

The Board delegates authority for the day-to-day management of the business to the CEO. The CEO, in turn, delegates authority, as permitted under the corporate governance framework, to the Executive Management of the Bank.

8. BOARD’S ROLE AND DIRECTORS’ RESPONSIBILITIES (CONTINUED)

Operation of the Board

The Board usually meets four times a year. In 2022, following a two-year period of virtual board meetings due to the global COVID-19 pandemic and resultant travel restrictions, physical board meetings resumed in May 2022, whereby the Board met in person for the first time since the COVID-19 pandemic.

The Board’s responsibilities include:

- Promoting the Bank’s long-term success and delivering sustainable value to shareholders.
- Establishing and approving the Bank’s strategic and financial plans to be implemented by management.
- Setting the Bank’s risk appetite and monitoring the Bank’s risk profile.
- Overseeing the Risk Management Framework and its operation by management.
- Approving capital expenditure for material transactions.
- Reviewing succession planning for the Senior management team and makes senior executive appointments, organizational changes, and high-level remuneration issues.
- Providing oversight over performance against targets and strategic objectives
- Providing oversight over reporting to shareholders on the direction, governance, and performance of the Bank as well as other material events that require reporting and disclosure.
- Managing Environmental, Social and Governance (ESG) and Sustainability reporting.

Separation of Roles and Responsibilities

The role of Board Chairman is separate from that of the Chief Executive Officer. There is a clear division of responsibilities between the leadership of the Board by the Board Chairman, and the executive responsibility for day-to-day management of the Bank’s business, which is undertaken by the Bank’s Chief Executive Officer.

Board Chairman is responsible for the strategic leadership of the Board and is pivotal in creating conditions for the overall effectiveness of the Board. The Chairman plays a pivotal role in fostering constructive dialogue between shareholders, the Board and management at the Annual General Meeting and other shareholder meetings.

Chairman	<ul style="list-style-type: none">• Responsible for leading the Board, its effectiveness and setting high governance standards.• To ensure effective communication with shareholders and, where appropriate, the stakeholders.• Upholding rigorous standards of preparation for meetings and ensuring that decisions by the Board are executed.
Non-Executive Directors	<ul style="list-style-type: none">• Responsible for ensuring that the Bank has in place proper internal controls as well as a robust system of risk management.• To support the development of proposals on strategy, hold management to account and ensure that they discharge their responsibilities properly, while creating the right culture to encourage constructive challenge.



8. BOARD’S ROLE AND DIRECTORS’ RESPONSIBILITIES (CONTINUED)

SEPARATION OF ROLES AND RESPONSIBILITIES (CONTINUED)

Chief Executive Officer	<ul style="list-style-type: none">Responsible for the executive responsibility for day-to-day management of the Bank’s businessRecommending Bank strategy to the Board and ensuring that the strategic objectives and Board’s directives are implemented through the Executive Committee.
Company Secretary	<ul style="list-style-type: none">Provides support and guidance to the Board in matters relating to governance and ethical practices.Also responsible for induction programs of new directors, keeping board members abreast of relevant changes in legislation and governance principles.

Director Independence

The Board recognizes the importance of objective judgement, independent thinking, and constructive debate on all issues under the Board’s remit of consideration. Directors are expected to bring views and judgement to Board deliberations that are independent of management and free of any business relationships or circumstances likely to impair any individual Non-executive Director’s independence and objective judgement.

The Board Charter, prepared in line with the The Banking And Financial Institutions (Corporate Governance) Regulations, 2021 issued by the Bank of Tanzania (BOT), provides that a majority of its Directors should be non-executive.

In accordance with the Board Charter, the Board only considers Directors to be independent where they are independent of management and free of any business or other relationship that could materially interfere with, or reasonably be perceived to materially interfere with, the Director’s capacity to make sound and independent judgments and be able to apply immediate remedial measures when need arises.

The Board considers that there were no circumstances that impaired any individual Non-executive Director’s objective judgement.

During the 22nd Annual General Meeting (AGM), three new Non-executive Directors, Mr. Aziz Dachi (CPA) and Mr. Clement Mwinuka (CPA), and Mr. Ramadhani Mwikalo with significant professional experience were appointed to fill in the vacant Board positions. As is good practice, Directors stand for (re)election by shareholders at the Bank’s Annual General Meetings (AGM) with the support of the Board.

9. BOARD NOMINATION, APPOINTMENT, INDUCTION, AND TRAININGS

Board nomination, appointment, and re-election of Directors

The current Board structure comprises of nine non-executive Directors including the Board Chairman. The Board determines its size and composition, subject to the Company’s Articles of Association, Board Charter and applicable, guidelines, laws, and regulations.

The Board composition is driven by the following principles, pursuant to The Banking and Financial Institutions (Corporate Governance) Regulations, 2021 and the International norms of good corporate Governance:

9. BOARD NOMINATION, APPOINTMENT, INDUCTION, AND TRAININGS (CONTINUED)

Board nomination, appointment, and re-election of Directors (continued)

- The Board must comprise of a majority non-executive directors.
- The Board should consist of directors with a broad range of skills, experience and expertise and be from a diverse range of backgrounds.
- The Chairman of the Board must be a non-executive director.

Succession planning is an on-going process, with the Board discussing the same regularly and robustly. The process to appoint a new director (independent non-executive directors) is overseen by the Board Human Resources and Remuneration Committee (BHRRC). The committee is responsible for recommending the procedure for the selection of new directors, the proposed criteria for the selection of candidates with reference to current mix of skills, knowledge and experience.

The committee identifies and nominates a shortlist of candidates and may engage the services of a professional intermediary to assist in identifying and assessing potential candidates. The preferred candidates meet with the members of the Board Human Resources and Remuneration Committee before a final decision is made. Prior to confirmation of appointment, all Directors are required to meet the “Fit and Proper” requirements set out in the Regulatory Guidelines issued by the Bank of Tanzania. The key terms and conditions of a director’s appointment are documented in a letter of appointment.

Board induction and training

On appointment, each Director participates in an induction programme, during which they meet fellow members of the Board and senior management team, whereby they receive information about the role of the Board and individual Directors, each Board Committee and their respective delegated powers, and an update on strategy from management. They are also advised by the Company Secretary on the legal and regulatory obligations of a Director of a company listed on the Dar es Salaam Stock Exchange. Induction sessions are designed to be interactive and are tailored to each individual based on his or her previous experience and knowledge.

All Directors are expected to maintain the requisite skills and demonstrate ethical standards to carry out their obligations. The Chairman, with support from the Company Secretary review the professional development needs of each Director. The program of continuing education ensures that the Board is kept up to date with developments in the industry both locally and globally.

Continuous development programme for all Directors

The BHRRC monitors the frequency and quality of the Board training sessions, which are conducted either by external professionals or management. The BHRRC selects topics which are relevant to the Bank’s activities. Board members also contribute by highlighting areas of interests and possible topics.

In 2022, there were training sessions on:

- Sustainability (ESG) in November 2022.
- Board Directorship training in September and November 2022 organized by Institute of Directors Tanzania (IoDT).



9. BOARD NOMINATION, APPOINTMENT, INDUCTION, AND TRAININGS (CONTINUED)

Board performance and evaluation

The BHRRC makes an assessment at least once a year to determine whether the Board and Board committees are performing effectively and identify steps for improvement. We believe that it is important to obtain an independent perspective on the Board’s performance during execution of a Medium-Term Plan (3-5 years), and to gain insights on the Board’s performance against peer boards and best practices.

An external evaluator is engaged to conduct the Board performance evaluation for the financial year. In 2022, the BHRRC engaged KPMG East Africa, an independent external evaluator, to conduct the Board evaluation for 2022. KPMG is not connected with NMB or any of the Directors.

At the start of the Board evaluation process, the BHRRC reviewed the scope of the assessment and considered key areas to focus on. The Board evaluation questionnaire was circulated to the Directors and the completed questionnaires were returned to KPMG. Thereafter, KPMG conducted one-on-one interviews with each Director to get more in-depth feedback and perspectives on the performance of the Board.

The Board evaluation process was completed and results were presented to the Board Chairman. These have subsequently been presented by the Board chairman to the Board members , whereby the Directors deliberated on the outcome of the evaluation and agreed on key action points to enhance Board effectiveness.

NMB BANK PLC
REPORT OF THE DIRECTORS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

10. COMPOSITION OF THE BOARD OF DIRECTORS DURING THE YEAR ENDED 31 DECEMBER 2022

The Bank is committed to ensuring the overall effectiveness of the Board and that it achieves the appropriate composition and balance of Directors. The Board comprises of Non-executive directors who bring a diversity of skills, experience, and knowledge to the discussion, and play an important role in supporting the Board. The Non- executive Directors are expected to have a clear understanding of the strategy of the Bank as well as knowledge of the industry and the operating market.

The aggregate mix of skills and experience of the Directors seeks to bring about individual and collective competence requisite in fostering robust and constructive debate, augments and challenges the strategic thinking of the executives thereby adding value to the Bank. The Board, through the Human Resources and Remuneration Committee regularly reviews the skills, knowledge, experience and diversity represented on the Board against the skills and experience needed to deliver the strategy and continues to make efforts to further diversify.

The current Board composition is as follows:

As of 31 December 2022, the Board comprised the Board Chairman, and seven (7) Non-executive Directors (one Board position was vacant). The table below sets out their roles and responsibilities.

No	Name	Position	Age	Nationality	Qualification/Discipline	Date of Appointment/ Retired
1	Dr. Edwin P. Mhede	Chairman	44	Tanzanian	Economist	Appointed on 5 June 2020
2	Juma Kisaame	Non-Executive	59	Ugandan	Banker	Appointed on 5 June 2020
3	George Mandepo	Non-Executive	47	Tanzanian	Lawyer	Appointed on 15 June 2019 Re-appointed on 3 June 2022
4	Hendrik Reisinger	Non-Executive	58	Dutch	Economist/ Banker	Appointed on 15 June 2019 Re-appointed on 3 June 2022
5	Benson Mahenya	Independent - Non-Executive	54	Tanzanian	Certified Public Accountant	Appointed on 15 June 2021
6	Aziz Dachi	Non-Executive	47	Tanzanian	Auditor	Appointed on 3 June 2022
7	Clement Mwinuka	Independent - Non-Executive	59	Tanzanian	Certified Public Accountant	Appointed on 3 June 2022
8	Ramadhani Mwikalo	Independent - Non-Executive	69	Tanzanian	IT Expert	Appointed on 3 June 2022



11. COMPANY SECRETARY

The Acting Company Secretary as at 31 December 2022 is Ms. Consolatha Mosha and she provides support and guidance to the Board in matters relating to governance and ethical practices. She is also responsible for induction programs of new directors, keeping board members abreast of relevant changes in legislation and governance principles.

The Company Secretary plays a key role in ensuring good governance by helping the Board and its committees to function effectively and in accordance with terms of references and best practices. The Company Secretary is responsible for:

- Maintaining strong and consistent governance practices at Board level and throughout the Bank.
- Supporting the Board Chairman in ensuring effective functioning of the Board and its committees, and transparent engagement between senior management and the Board.
- Facilitating induction and professional development of Board members.
- Advising and supporting the Board and management in ensuring effective end-to-end governance and decision making across the Bank.
- Providing support and guidance to the Board in matters relating to governance and ethical practices.

12. BOARD COMMITTEES

The Board has delegated authority to various Board committees to enable them to oversee certain specific responsibilities based on their terms of reference. The terms of reference of each Board committee set out the responsibilities of the Board committee, conduct of meetings including quorum, voting requirements and qualifications for Board committee membership. All our Board committees comprise of Non-executive Directors only. Any change to the terms of reference for any Board committee requires Board approval. The minutes of Board Committee meetings, which records the key deliberations and decisions taken during these meetings, are circulated to all Board members for their information.

Mechanisms are in place to facilitate these linkages, including ensuring that there are no gaps or unnecessary duplications between the remit of each committee and overlapping membership between Board committees where necessary. Further details on each committee, including their oversight and focus during 2022, can be found in the next section of this report.

During the year, the Board had the following board committees to ensure a high standard of corporate governance throughout the Bank.

- i. Board Executive Committee (BEC)
- ii. Board Audit, Risk and Compliance Committee (BARCC)
- iii. Board Human Resources and Remuneration Committee (BHRR)
- iv. Board Credit Committee (BCC)

12.1 Board Executive Committee (BEC)

The Committee assists the Board in fulfilling its oversight responsibilities in accordance with the Articles of Association of the Company. The Committee, which is a steering committee for the full Board, has an oversight role over the execution of the Bank's strategy, critical key projects of the Company, provides guidance, supports and mentors management during transitional periods as well as being involved in any crisis situation that may arise within the Company.

12. BOARD COMMITTEES (CONTINUED)

12.1 Board Executive Committee (BEC) (continued)

It is the general intention that all substantive matters in the ordinary course of business are brought before the full Board for action and/or ratification, but the Board recognizes the need for flexibility to act on substantive matters where action may be necessary between Board meetings.

This committee met four (4) times during the year. It comprised of the following members:

	Name	Nationality	Qualification
1	Dr. Edwin P. Mhede	Tanzanian	Economist
2	Juma Kisaame	Ugandan	Certified Public Accountant
3	Ramadhani Mwikalo	Tanzanian	IT Expert

12.2 Board Audit, Risk, and Compliance Committee (BARCC)

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

Audit Functions:

The BARCC assists the Board by providing oversight of the Bank's financial reporting responsibilities including external audit independence and performance. The Audit Committee comprises of three Non-executive Directors. The Committee's responsibilities include the following:

- Reviewing the quarterly and full- year statutory financial reports for recommendation to the Board.
- Reviewing significant accounting estimates and judgments used for the preparation of the financial reports.
- Advising the Board on the Bank's financial reporting requirements to ensure that the Board has exercised oversight of the work carried out by management, Internal Audit Function, and the external auditor.
- Reviewing and approving any new or proposed changes in the Bank accounting policies.
- Monitoring developments in statutory reporting and accounting and disclosure requirements.
- Reviewing the effectiveness of, and ensuring that management has appropriate internal controls over financial reporting.
- Reviewing and monitoring the relationship with the external auditor and oversees its appointment, tenure, rotation, remuneration, independence, and engagement for non-audit services; and
- Overseeing the work of the Internal Audit and monitoring and assessing the effectiveness, performance, resourcing, independence and standing of the function.

BARCC, also has overall non-executive responsibility for oversight of risk-related matters and the risks impacting the Bank.



12. BOARD COMMITTEES (CONTINUED)

12.2 Board Audit, Risk, and Compliance Committee (BARCC) (continued)

Risk and Compliance Functions:

- Advising the Board on risk appetite-related matters, and key regulatory submissions.
- Overseeing and advising the Board on all risk-related matters, including operational risk, financial risks, non-financial risks, and the effectiveness of the Bank's Enterprise Risk Management framework.
- Undertaking a review and challenge of the Bank's stress testing exercises.
- Reviewing the effectiveness of the Bank's enterprise risk management framework and internal controls systems.
- Reviewing the Bank's overall Risk Appetite Statement and makes recommendations to the Board.
- Reviewing the appropriateness and effectiveness of the Bank's risk management systems, considering the implications of material regulatory change proposals, reviewing reports on principal risks to the Bank's business.
- Maintaining an oversight of all risk-related matters and the risks impacting the Bank.
- Monitor the changes in the external regulatory environment to make sure that we continue to have appropriate financial, compliance, and internal controls in place.
- Continue to provide assurance to the Board that controls and compliance culture fully support the Bank's strategy.
- Ensure that the policies, processes, and systems align with the regulatory requirement and reflect changing regulatory landscape.
- To ensure that the Bank is fully compliant to applicable laws, regulations, and prevailing requirements within the operating jurisdiction.

This committee met four (4) times during the year. It comprised of the following members:

	Name	Nationality	Qualification
1	Clement Mwinuka	Tanzanian	Certified Public Accountant
2	Benson Mahenya	Tanzanian	Certified Public Accountant
3	Aziz Dachi	Tanzanian	Auditor

12.3 Board Human Resources and Remuneration Committee (BHRRC)

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

Committee's Functions:

- The critical role of the Committee is to ensure robust succession planning is in place and that the composition of the Board and its committees continue to evolve, providing effective oversight of the Bank's strategy.
- To ensure the Bank has a diverse Board comprising individuals with a range of skills, backgrounds, experience, and perspectives.
- The Committee has oversight of the process by which the Board, its committees and individual Directors assess their effectiveness.
- The Committee is responsible for Board Members and Senior Executive appointment process.
- The Committee is responsible for overseeing the remuneration of Senior Management, determining the framework and policies for remuneration and overseeing workforce remuneration, for alignment of reward, incentives and culture.

12. BOARD COMMITTEES (CONTINUED)

12.3 Board Human Resources and Remuneration Committee (BHRRC) (continued)

This committee met four (4) times during the year. It comprised of the following members:

	Name	Nationality	Qualification
1	George Mandepo	Tanzanian	Lawyer
2	Hendrick Reisinger	Dutch	Economist / Banker
3	Ramadhani Mwikalo	Tanzanian	IT Expert

12.4 Board Credit Committee (BCC)

The Committee assists the full Board in the management of credit risk by reviewing continuously the credit portfolio, credit standards, and credit policy.

This committee met nineteen (19) times during the year. It comprised of the following members:

	Name	Nationality	Qualification
1	Hendrik Reisinger	Dutch	Economist / Banker
2	Juma Kisaame	Ugandan	Banker
3	George Mandepo	Tanzanian	Lawyer

13. BOARD ACTIVITIES DURING THE YEAR

The Board held 14 Board meetings during the year out of which 6 were to discuss BARCC related issues before the formation of Board Audit Risk and Compliance Committee (BARCC).

There were also:

- Nineteen (19) Board Credit Committee meetings;
- Four (4) Board Human Resources and Remuneration Committee meetings;
- Four (4) Board Audit, Risk and Compliance Committee meetings; and
- Four (4) Board Executive Committee meetings.

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

Director	Board (14)	BARCC (4)	BCC (19)	BHRRC (4)	BEC (4)
Dr. Edwin P. Mhede	14	n/a	n/a	n/a	4
Juma Kisaame	14	n/a	19	1	4
George Mandepo	14	n/a	19	4	n/a
Hendrik Reisinger	14	n/a	19	4	1
Benson Mahenya	14	4	n/a	n/a	n/a
Aziz Dachi*	4	4	n/a	n/a	n/a
Clement Mwinuka*	3	4	n/a	n/a	n/a
Ramadhani Mwikalo*	3	n/a	n/a	1	1
Theresia Mihayo**	7	n/a	n/a	2	2

*Appointed at Annual General Meeting in June 2022

**Replaced in June 2022

13. BOARD ACTIVITIES DURING THE YEAR (CONTINUED)

Key Board Activities in 2022

The Board adhered to an annual schedule of rolling agenda items designed to ensure that all matters are given due consideration and are reviewed at the appropriate point in the financial and regulatory cycle. The Board had an extensive agenda during 2022 with considerable focus on reviewing progress of the Medium-Term Plan (2021-2025) and relevant strategic initiatives, reviewing and approving governance policies and overseeing performance and risk.

What was on the Board's agenda during 2022:

Financial and corporate reporting	<ul style="list-style-type: none"> Reviewed and approved quarterly, half-year and full-year results. Received quarterly financial performance updates. Declared proposed dividend in respect of the period ended 31 December 2021. Annual Report discussion and updates and recommendations (from the Board Audit, Risk and Compliance Committee). Reviewed and approved the Bank's annual report and accounts. Reviewed and approved the notice of AGM.
Strategy and Business Performance	<ul style="list-style-type: none"> The Board received progress and monitored the progress made on key strategic initiatives (under year 2 of MTP) and financial commitment, with the overall progress on strategy commended across board. Board approved rebased Medium-Term Plan. Monitored and assessed the strength of the Bank's capital and liquidity positions. Received updates on Bank's performance, including business level performance updates. Reviewed potential scenarios with probable material impact on performance. Received an update on the progress of the Operations strategy, including the focus on Operations re-engineering through Simplification, Automation and Migration. Received an update on the priorities and progress against the cross-border strategy including a focus on the strategic opportunities and initiatives across the region. Received updates on key projects (eg. Digital transformation strategy and related projects). Received CSI activities report from the CEO.
Financial decisions	<ul style="list-style-type: none"> The Board approved key financial decisions throughout the year and approved the Annual Report and Accounts 2021. The Board passed a proposed dividend payout of TZS 193/- per ordinary share. A total dividend payout of TZS 96.7 billion was approved by the Board, which was subject to Shareholders' approval at the Annual General Meeting.

13. BOARD ACTIVITIES DURING THE YEAR (CONTINUED)

What was on the Board's agenda during 2022 (continued):

Governance and Policies	<ul style="list-style-type: none"> Considered external legislative and governance developments and received regulatory updates. The Board continued to oversee the governance, smooth operation, and oversight of the Bank. The Board continued to review the skills and experience of the Board to ensure that it comprises the relevant skills, experiences, and competencies to discharge its responsibilities effectively. The Board monitored its compliance with the Principles of Good Corporate Governance Practices, and the Companies Act, 2002 throughout the year. Reviewed policies. Considered Board and Committees' effectiveness.
Budget and Performance	<ul style="list-style-type: none"> Approved the Bank's 2023 budget. Monitored the Bank's financial performance. Approved the full year and half year results and considered the key internal and external factors in determining payment of a final and interim dividend. Monitored the Bank's Competitor and Market position and performance for the full year 2022. Noted management's presentation to the Board in respect of the 2022 risk scenario stress test and assessed potential material impact on performance.
Risk, Regulatory and Legal considerations	<ul style="list-style-type: none"> Received regular risk reports from the Chief Risk Officer and Chief Compliance Officer with focused highlight on the Bank's risk and control operating environment. Received an update on the Implementation of Artificial intelligence Cyber Defense Platform to protect the Bank from advanced forms of cyber-attacks. Received the 2020 BOT Examination Report, noted key findings thereof, considered and approved the management's responses and related actions. Approved the risk appetite validation of the 2023 Budget.
Digital and Technology	<ul style="list-style-type: none"> Throughout the year, the Board received regular updates on technology from the Chief Technology and Digital Transformation Officer including implementation status of digital and technology related initiatives. The non-executive Directors with deep technology experience have worked in collaboration with the Chief Technology and Digital Transformation Officer to enhance the Bank's technology infrastructure and cybersecurity

13. BOARD ACTIVITIES DURING THE YEAR (CONTINUED)

What was on the Board's agenda during 2022 (continued):

People, Culture and Values	<ul style="list-style-type: none">Received an update on Management Team succession planning and an overview of the refreshed People Strategy for 2023.Received an update of implementation of critical training interventions linked to MTP and culture transformation program.Received and discussed the findings from the Employee Opinion Survey (EOS) and approved recommendations of implementation actions.
Stakeholder Engagement	<ul style="list-style-type: none">Received periodic updates from the management on key stakeholder engagements.
Standing agenda items	<ul style="list-style-type: none">Received reports from the Chief Executive Officer.Received feedback from Board Committees.Reviewed and approved the minutes of previous meetings.Received status update on any matters outstanding from previous meetings.

14. CORPORATE GOVERNANCE AND MANAGEMENT OF THE SUBSIDIARY

The subsidiary (Upanga Joint Venture Company Limited) is 86.22% owned by the Bank. The Board of Directors (the “Board”) consists of three (3) Directors. Two Directors hold executive position in the Bank. The Board takes overall responsibility for the company, including responsibility for identifying key risk areas, considering, and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

The Board is required to meet at least four times a year. The Board delegates the day-to-day management of the business to the Executive Directors assisted by parent company professionals on areas of accounting and secretarial services as per management service agreement. No sub committees have been formed for the subsidiary Board.

The Management of the Company is under the Executive Directors. Due to the minimal number of transactions, the Company has no employees. The secretarial and other accounting services have been outsourced to the parent company as per management service agreement. As volume of transactions increases, the company shall review its structure and fill any identified gaps accordingly.

14. CORPORATE GOVERNANCE AND MANAGEMENT OF THE SUBSIDIARY (CONTINUED)

The following were the Board members of the Upanga Joint Venture Company Limited during the year ended 31st December, 2022

	Name	Position	Age	Other Key Positions	Nationality	Date of Appointment
1	Ruth Zaipuna	Executive Director/ Chairperson	49	Chief Executive Officer, NMB Bank Plc.	Tanzanian	15 July 2021
2	Robert Mwita	Executive Director	40	Head; Finance and Reporting, NMB Bank Plc.	Tanzanian	15 July 2021
3	Mafuru Majura	Director	60	Director, Nyumba ya Sanaa and Culture Limited.	Tanzanian	15 July 2021

15. EXECUTIVE COMMITTEE

The Management of the Bank is led by Chief Executive Officer (CEO) assisted by Executive Committee (EXCO). Management of the Bank at the date of the report consisted of the following:

Title	Responsibilities
Chief Executive Officer Ruth Zaipuna	Overall responsible for driving the Bank’s corporate strategy to deliver sustainable business growth.
Chief Financial Officer Juma Kimori	Overall responsible for the financial management, regulatory reporting, tax compliance, general ledger reconciliations, strategy and research, investor relations, and accounting of the Bank
Chief Retail Banking Filbert Mponzi	Overall responsible for development and execution of the Retail Banking Strategy for the Bank, with focus on delivering the best in-class innovative, customer centric financial services for Individual, MSME and Agribusiness customers that promote financial inclusion.
Chief Wholesale Banking Alfred Shao	Overall responsible for large corporate customers and business, transactional business, government, and international trade.
Treasurer Aziz Chacha	Leads the treasury department and supports the Bank in foreign exchange business, investment in securities and market and liquidity risk management.
Chief Credit Officer Daniel Mbotto	Overall responsible for all credit department which includes the appraisal of loans, portfolio management, and collection of bad debts, ensuring a sound portfolio quality and training of credit department staff.
Chief Human Resources Officer Emmanuel Akonaay	Overall responsible for development and execution of Human Resource strategy in support of the overall business plan and strategic direction of the Bank and providing the necessary guidance to the HR team in strategy implementation.
Chief Technology and Digital Transformation Kwame Makundi	Overall responsible for driving the Bank’s digital and technology strategy.



15. EXECUTIVE COMMITTEE (CONTINUED)

Chief Shared Services Nenyuata Mejooli	Overall responsible for shared services support ensuring conducive workplace across the Bank, strategically and operationally managing customer experience, facilities, Business Continuity Management, operational transformation, and management and execution of strategic projects in the Bank.
Chief Risk Officer Doreen Joseph	Overall responsible for sound monitoring, mitigating, and reporting of the Bank's business risks in line with the Bank's overall strategic ambitions.
Chief Compliance Officer Ezekiel Herman	Overall responsible for designing and implementing effective compliance programs to ensure that the bank adheres to the applicable laws, regulations, and ethical standards consistent with supporting the bank's strategic direction and growth aspirations.
Chief Internal Auditor Benedicto Baragomwa	Overall responsible for managing Internal Audit and other assurance activities of the Bank and reports to the Board of Directors.

16. 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 conducting a market survey which is brought to the Board for review before being presented to the Annual General Meeting (AGM) for approval.

17. 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.

18. INTERNAL AUDIT FUNCTION

The Bank has an independent Internal Audit function reporting to the Board Audit Risk and Compliance Committee.

19. STOCK EXCHANGE INFORMATION

In 2008 the Bank was listed at the Dar es Salaam Stock Exchange. The price per share as at 31 December 2022 was TZS 3,020 (2021: TZS 2,000). Market capitalization as at 31 December 2022 was TZS1,510 billion (2021: TZS 1,000 billion).

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

20. CAPITAL STRUCTURE

The Bank's capital structure for the year under review is disclosed in note 35 to the financial statements.

Details of the capital management and regulatory capital are disclosed in note 6.6.

21. SHAREHOLDERS OF THE BANK

The total number of shareholders as at 31 December 2022 is estimated to be 17,078 (2021: 17,358). 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.

		2022 Number of shares		2021 TZS' Number of shares
Name of the Shareholder	%		%	
Arise B.V	34.90	174,500,000	34.90	174,500,000
The Treasury Registrar	31.78	158,901,800	31.78	158,901,800
National Social Security Fund (NSSF Uganda)	4.68	23,400,000	4.68	23,400,000
National Investments Plc (NICOL)	4.08	20,395,130	5.29	26,449,520
Sajjad Fidahusseini Rajabali	3.11	15,534,030	2.96	14,814,890
Aunali Fidahusseini Rajabali	3.11	15,533,731	2.99	14,930,764
Banque Pictet And Cie Sa A/C Patrick Schegg	1.80	9,000,390	1.02	5,079,000
Public Service Social Security Fund (PSSSF)	1.56	7,790,451	1.56	7,790,451
Duet Africa Opportunities Master Fund Ic	0.90	4,498,923	0.90	4,498,923
Umoja Unit Trust Scheme	0.86	4,322,460	0.56	2,811,280
African Lions Fund Ltd.	0.60	2,984,588	-	-
Zanzibar Social Security Fund	0.59	2,950,326	0.59	2,950,326
BNYM Re Frontaura Global Frontier Fund Llc	0.54	2,716,630	-	-
TCCIA Investment Company Ltd	0.52	2,590,919	0.56	2,793,876
General Public	10.97	54,880,622	12.21	61,079,170
Total	100.0	500,000,000	100.0	500,000,000

22. STRATEGIC OBJECTIVES

The Bank's mission that drives its long-term strategic focus is to be the Bank of choice; delivering innovative and transformative customer experience that promotes financial inclusion and wellbeing. While fulfilling the said mission, NMB seeks to maintain its leadership in financial performance, leading in digital and innovation, and keeping a stronghold in the retail and wholesale markets. The Bank has re-imagined its Medium-Term Plan focusing on three pillars namely winning propositions, operational efficiency, and innovate for the future. Under each strategic pillar there are a number of strategic thrusts to guide the Bank's execution going forward.

Winning proposition

- Drive loyalty with Mass: Mass customers expected to drive 20% of overall market growth (19-25%) and Bank's revenue market share is estimated at 55%. We intend to embed banking services into communities (e.g farmers, urban students etc) by using partnerships (e.g. with MNOs, BancAssurance) and retooling the NMB Foundation to provide financial literacy services and business coaching.
- Win in core middle: Core middle expected to drive 25% of overall market growth (19-25%); NMB market share is estimated at 20%. To win, Bank will leverage its experience serving government workers to corporates through bundled employer schemes and direct relationships with customer acquisition driven by digital experiences.
- Win in SME (Start with Agri): SME is driving 30% of growth in banking revenues in Tanzania but has structural challenges related to limited focus, unoptimized offering, insufficient automation and lack of data to create insights – agriculture has opportunity and in particular accounts for 50% of SME in NMB.

22. STRATEGIC OBJECTIVES (CONTINUED)

Winning proposition (continued)

- Deepen penetration in wholesale: Wholesale expected to contribute 20% of banking revenue growth over the next five years. Average share of wallet is 8%, and NFI/total income ratio is also relatively low at around 17% (vs. 30-50% benchmarks), with relationship managers (RM) time not being sufficiently spent on selling activities. Winning will involve introducing new commercial tools and routines, processes redesign along with new products.

Operational efficiency

- Boost branch productivity: Low teller productivity (less than 50 transactions per day) compared to benchmark (70-100 transactions per day) and insufficient sales time to RMs results in low branch productivity. The Bank intends to migrate transactions out of the branches (currently 94% taking place out of branches), drive sales excellence through regular tracking routines, simplify and automate processes, and implement systems that help to address observed customer experience bottlenecks.
- Organisation productivity: The Bank remains focused on boosting overall productivity by continuously looking to improve on its performance management practices, systems and routines. The goal is to transform NMB into one of the highest performing organisations in the region by fully embracing a meritocratic culture. Rewards, recognition and equally remuneration are continually being aligned to support stated productivity improvement objective. Bank's productivity, revenue/FTE was USD 91k (TZS 215 million) in 2021 and the same has improved to USD 121K (TZS 286 million) in 2022.
- End-to-end Credit Risk management; the Bank looks to leverage on opportunity to further bolster its credit risk processes through risk scoring, risk adjusted pricing and automation of underwriting process. This is to be achieved by deploying early warning systems and applying differentiated collections approach that is powered by advanced analytics.

Innovate for the future

- Strengthen data infrastructure and utilization capabilities to drive sales and operational efficiencies. The Bank has identified digital and analytics skills to be crucial to its business agenda going forward. The Bank intends to rely on expertise from data engineers and data scientists to establish a digital and analytics hub with business linkages to support creation of banking products and sales strategies in an agile way. The Bank has embarked on various projects to ensure streamlining of data across the organization.
- Delight customers: we have identified all customer journeys (online and offline) with aim of redesigning to ensure great customer experience. This goes along with Bank's commitment to frequently and consistently seeking voice of the customer via established tools such as NPS scores (59% in 2022) and CSAT scores.
- Enhance IT infrastructure: The Bank has identified its IT infrastructure estate as a critical support system that needs to be constantly reviewed to ensure it stays abreast of the changes in both technology and business dynamics. While banking systems have traditionally been product based, market dynamics are pointing towards an emphasis on customer 360 real time processing and visibility across multiple platforms. The Bank has ensured in its plans that the shifting dynamics are being adequately addressed.

23. BUSINESS ENVIRONMENT AND MARKET OVERVIEW

Global macro landscape

The year 2022 was expected to herald pre-pandemic economic growth levels, given the curbed spread of the COVID-19 pandemic at the end of 2021. However, the global fight against inflation and Russia's war in Ukraine – and the ensuing financial and trade sanctions as well as supply chain disruptions – continue to weigh on economic activity. The COVID-19 related lockdowns in China dampened growth in 2022, but the recent reopening has paved the way for a faster-than-expected recovery.

Despite these headwinds, real GDP was surprisingly strong in the third quarter of 2022 in numerous economies, including the United States, the euro area, and major emerging market and developing economies, largely due to stronger-than-expected private consumption and investment amid tight labor markets and greater-than-anticipated fiscal support. On the supply side, easing bottlenecks and declining transportation costs reduced pressures on input prices and allowed for a rebound in previously constrained sectors. Similarly, energy markets have adjusted faster than expected to the shock from Russia's invasion of Ukraine.

In the fourth quarter of 2022, however, this uptick is estimated to have faded in most—though not all—major economies. During the last quarter of 2022, overall growth slowed with the global economy falling perilously close into recession, mainly attributed to a contraction in annual global per capita income.

Global core inflation rose markedly, reaching over 6 percent at the close of the year, the highest since 1992. This high inflation triggered synchronous monetary policy tightening around the world in order to contain it. Although this tightening was necessary for price stability, it contributed to a weakening of global financial conditions, which exerted a substantial drag on global economic activities.

However, most commodity prices eased during the closing months of the year to varying degrees, largely due to the slowdown in global growth and concerns about the possibility of a global recession that dampened demand.

Global Economic Outlook

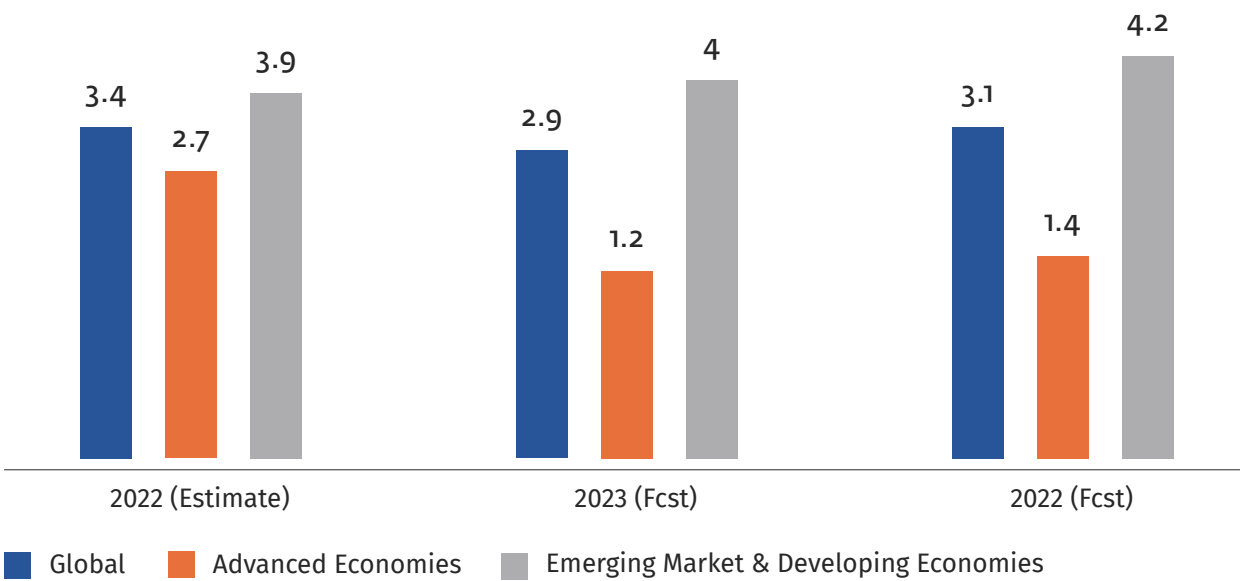
Global GDP growth, estimated at 3.4 percent in 2022, is projected to fall to 2.9 percent in 2023 before rebounding to 3.1 percent in 2024, with the 2022 estimate and 2023 forecast largely reflective of better-than-expected resilience in numerous economies. While the projected 2023 global growth is below the historical (2000-2019) annual average of 3.8 percent, negative growth in global GDP or GDP per capita – which is often associated with a global recession – is not expected.

The forecast of low growth in 2023 reflects the rise in central bank rates to fight inflation—especially in advanced economies—as well as the war in Ukraine. The decline in growth in 2023 from 2022 is driven by advanced economies; in emerging markets and developing economies, growth is estimated to have bottomed out in 2022. Growth is expected to pick up in China with the full reopening in 2023.

For advanced economies, growth is projected to decline sharply from 2.7 percent in 2022 to 1.2 percent in 2023 before rising to 1.4 percent in 2024. For emerging market and developing economies, growth is projected to rise modestly from 3.9 percent in 2022 to 4.0 percent in 2023 and 4.2 percent in 2023. In Sub-Saharan Africa, growth is projected to remain moderate at 3.8 percent in 2023 amid prolonged fallout from the COVID-19 pandemic before increase to 4.1 percent in 2024.

23. BUSINESS ENVIRONMENT AND MARKET OVERVIEW (CONTINUED)

Global Economic Outlook (continued)



International Monetary Fund (IMF) - World Economic Outlook Update - January 2023

Global headline inflation is expected to fall from 8.8% in 2022 to 6.6% in 2023 and 4.3% in 2024, above pre-pandemic (2017-2019) levels of about 3.5%. The projected disinflation partly reflects declining international fuel and non-fuel commodity prices due to weaker global demand and cooling effects of monetary policy tightening on underlying (core) inflation.

The balance of risks remains tilted to the downside, but adverse risks have moderated since overall financial conditions began to ease towards the latter half of the year 2022. On the upside, a stronger boost from pent-up demand in numerous economies or a faster fall in inflation are plausible. On the downside, severe health outcomes in China could hold back the recovery, Russia's war in Ukraine could escalate, and tighter global financing conditions could worsen debt distress. Financial markets could also suddenly reprice in response to adverse inflation news, while further geopolitical fragmentation could hamper economic progress.

Tanzania operating environment and economic outlook

According to IMF Report (Global Economic Outlook, 2023), Tanzania's economy performed satisfactorily in 2022, with GDP growth rate of 4.5%, driven by growth in key economic activities including agriculture, construction, manufacturing, real estate, and other services. Global economic challenges continued to impact overall economic activities and exert pressures on inflation in the country, but to a lesser extent than before as the year rolled out, largely due to easing of supply chain disruptions and commodity prices in the world market, as well as interventions made by countries to cushion economies from the adverse impact of the Russia-Ukraine crisis and the effects from the COVID-19 pandemic.

In 2023, the economic outlook is positive, with output growth projected to be higher than in the preceding year. Real GDP is projected to grow at 5.6 percent in 2023, with the growth driven largely by private consumption on the demand side and by continued expansion in the services sector on the supply side. Output growth will be reinforced by strong growth of credit extended to the private sector, public investment, rebound in tourism, improvement in business climate, supportive fiscal and monetary policies, and the apparently easing of global supply chain constraints which will also provide impetus to growth.

23. BUSINESS ENVIRONMENT AND MARKET OVERVIEW (CONTINUED)

Tanzania operating environment and economic outlook (continued)

Inflation broadly exhibited an upward trend, largely attributed to high import prices of consumer goods. However, the pace of increase was comparatively moderate. Annual headline inflation eased to 4.8% in December 2022, below the forecasted 5.4% level for 2022/2023 and consistent with EAC and SADC convergence criteria. Inflation was lower than in most countries in EAC and SADC, due to interventions made by the Governments to lessen the impact of high prices of imported consumer goods and increase in households' consumption of non-tradeable goods. Inflation is expected to remain low and stable, due to easing of supply chain constraints and expected good food harvests.

Overall lending rates remained broadly stable, recording an average of 16.03 percent in Q4 2022 from 16.29 percent that was recorded in Q3 2022. Interest rates on deposits averaged at 7.30 percent in Q4 2022 slightly down by 230 basis points compared to 7.53 percent recorded in Q3 2022.

The shilling depreciated by 382 basis points against major global trading currencies, trading at an average of TZS 2,319.87 per USD in Q4 2022 from TZS 2,316.05 per USD recorded in Q3 2022. The traditional dollar inflows from cashew during the last quarter of the year, were outweighed by outstanding demand from corporates, SMEs and Agri inputs importers.

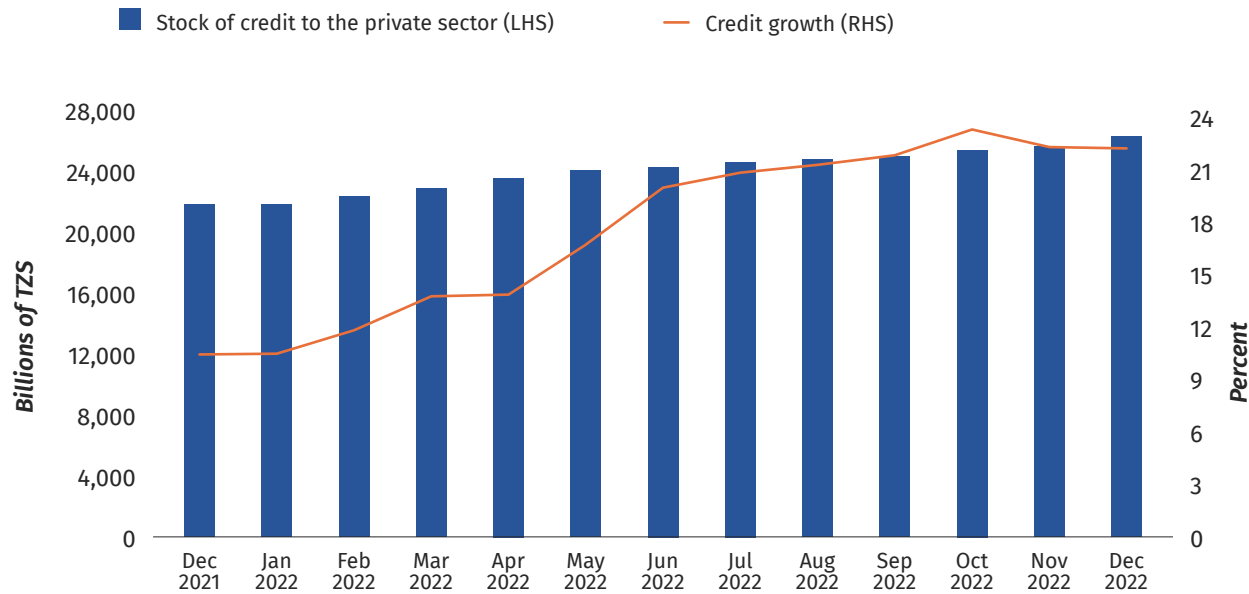
Tanzania Banking Sector

The banking sector remained overall resilient to shocks, with banks remaining overall adequately capitalized, with sufficient liquidity, and profitable. Assets and deposits of banks continued to increase, overall reflective of a supportive and improving business environment and increased digital penetration.

The Bank of Tanzania continued to implement monetary policy that aimed at maintaining a balance between controlling inflation and supporting growth in response to inflationary pressures, resulting in sustained strong growth of credit extended to the private sector. Growth of private sector credit remained strong, with an annual rate of 22.5 percent in December 2022, reflecting ongoing recovery of economic activities from the effects of COVID-19 pandemic and continued supportive monetary and fiscal policies. Growth was good across most key economic activities, with credit to agriculture activity registering the highest growth, attributable to the monetary policy measures rolled out by the Bank to provide cost-effective credit intermediation to agriculture and agri-business activities.

23. BUSINESS ENVIRONMENT AND MARKET OVERVIEW (CONTINUED)

Tanzania Banking Sector (continued)

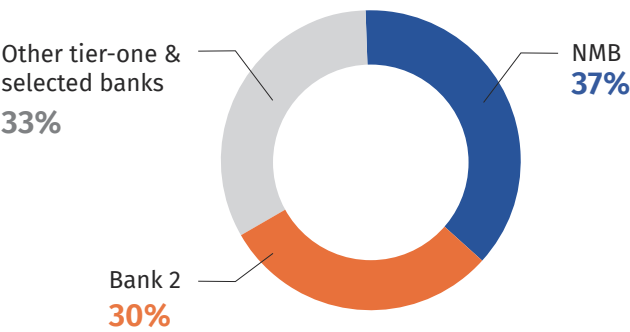


Bank of Tanzania (BOT) Monthly Economic Review - January 2023

Commercial banks’ profitability rose by about TZS 400 billion to surpass the TZS 1 trillion-mark for the first time in Tanzania’s banking history, with industry registering net-profitability of TZS 1.2 trillion in 2022, a significant increase from slightly over TZS 760 billion that was registered in 2021. Digital financial services continued to widen with strong customer activity, reflecting deepened digital and financial inclusion as customers increasingly accessed financial services through alternative channels, including mobile banking and agency banking. Overall asset quality improved, with the ratio of non-performing loans continuing to decline reaching 5.8 percent in December 2022, down from 8.5 percent in the corresponding period in 2021.

The strong growth in profitability – coupled with a reduction in non-performing loan ratio – are overall reflective of a business friendly environment and continued positive results from the government’s pro-business policies and agenda, especially geared towards the support for private sector growth.

2022 Sector Profitability Share



23. BUSINESS ENVIRONMENT AND MARKET OVERVIEW (CONTINUED)

Tanzania Banking Sector (continued)

The sector is expected to continue to remain on its growth trajectory supported by policy, prudential and regulatory measures undertaken by the Bank of Tanzania and continued strong efforts by the Government towards a supportive business and investment climate.

24. ENVIRONMENTAL CHALLENGES AND BANK’S CLIMATE ACTIONS

According to the Intergovernmental Panel on Climate Change (IPCC), human emissions of carbon dioxide and other greenhouse gases are a primary driver of climate change, and present one of the world’s most pressing challenges. Greenhouse gas emissions have increased since the pre-industrial era, driven largely by economic and population growth, and are now higher than ever. A changing climate has a range of potential ecological, physical, and health impacts, including extreme weather events (such as floods, droughts, storms, and heatwaves); sea-level rise; altered crop growth; and disrupted water systems.

Economic and corporate activities produce, or result in, accelerated climate change through the release of additional CO2 into the atmosphere. The effects of climate change, in turn, impact the communities and environment in which corporations operate. Commercial banks impact on resource use through their operations or the services and products they offer.

As a vehicle for sustainable socio-economic development in Tanzania, the Bank recognizes its role in addressing overall environmental challenges and impact from climate change, and is committed to ensuring lasting prosperity to the society and environment in which the Bank operates. By engaging in the positive transformations of businesses and society, our teams work on a daily basis to build, together with our stakeholders, a better and more sustainable future through responsible and innovative financial solutions.

Our Environment and Social Impact Policy (E&S Policy) is a critical tool we use to assess the risks of our lending activities. The policy provides relevant criteria against which clients and transactions are screened, as well as excluded sectors which the Bank will not finance. The policy, along with accompanying tools, are applied and embedded into our credit approval process. The Bank continues to strengthen capabilities to support our overall ambitions, and to deploy relevant tools that enable the bank to consistently measure and monitor our portfolios and alignment towards supportive climate efforts.

25. PARTICIPATION IN ENVIRONMENTAL PROTECTION ACTIVITIES

The Bank is committed to working with customers, colleagues, and communities to support their transition to a resilient, net zero economy by 2050, in line with the global coalition for carbon neutrality and UN Sustainable Development Goals. The Bank has supported different initiatives in line with climate change:

- We continued to play an active role in supporting efforts towards reducing environmental pollution by placing over 150 dustbins in various hospitals, bus stands, and market places in Dar and Dodoma to support a clean environment.
- We joined various global stakeholders by participating in the COP 27 conference to accelerate global efforts to confront the climate crisis.

25. PARTICIPATION IN ENVIRONMENTAL PROTECTION ACTIVITIES (CONTINUED)

- To reduce energy consumption, we continued to retrofit our facilities to become more energy efficient through installation of light emitting diode (LED) lighting products within our offices and branches. Retrofitting of our Head Office and Training Center buildings with LED lighting is complete, while installation at branches is on-going.
- In efforts to drive the transition towards cleaner energy adoption, we piloted the use of alternative fuel sources for vehicles by converting two (2) Bank vehicles to Compressed Natural Gas (CNG) fuel from petroleum fuel.
- We continue to implement measures to enhance overall waste management, through recycling and reuse of paper used in our operations.

26. SOCIAL, POLITICAL CONTEXT AND PROSPECTS

Reputed for its stability in the region, Tanzania has undergone impressive political and economic developments and improvements in social welfare in recent years. The Country has achieved significant milestones over the last two decades, including transitioning to a middle-income country five years ahead of schedule.

Following two decades of sustained growth, Tanzania reached an important milestone in July 2021, when it formally graduated from low-income country to lower-middle-income country status. Tanzania’s achievement reflects sustained macroeconomic stability that has supported growth, in addition to the country’s rich natural endowments and strategic geographic position.

Politically, Tanzania remains a stable unitary republic with both a national government and a devolved government of Zanzibar, which has autonomy for non-union matters. The country’s political system is organized in a framework of a unitary presidential republic, whereby the President of the United Republic of Tanzania is both head of state and head of government, and in a multi-party system. In its shift from a socialist experiment under the first president to a market economy under his successors, Tanzania has fared relatively well in maintaining political stability and economic growth.

The broad policy objectives of the Sixth Phase government remain guided by the Tanzania Development Vision 2025 and its supporting five-year development plans. The government is prioritizing implementation of a new strategy to contain the COVID-19 pandemic, and in July 2022 it started implementing the COVID-19 National Vaccine Deployment Plan.

Enhancing accountability within the civil service continues to be an area of focus. The government is also proactively engaging with multilateral and bilateral partners in the region and worldwide; and it has reaffirmed the private sector as the engine of economic growth by addressing major constraints on private investment. Therefore, the Sixth Phase government prioritizes industrialization and job creation, but with a commitment to a private sector-enabled development strategy. With the peaceful transition of power experienced in 2022, the country finds itself in a stable position with a positive outlook.

27. ENGAGEMENT WITH STAKEHOLDERS

Stakeholder engagement formed part of the Board’s extensive agenda in 2022. NMB has a wide range of stakeholders with differing interests. The Board has different mechanisms to ensure effective engagement with key stakeholders and that the interests of those stakeholder are considered duly in Board deliberations and decision-making.

During the year, the Board continued to engage with stakeholders and were kept about relevant stakeholder matters through management updates. Some of the ways in which the Board engaged with, or received views, from its key stakeholders during the year are provided below.

Stakeholder	Link to Strategy	Engagement
Customers	<p>Delighting our customers forms a key facet of our overall strategic ambitions. We believe that the success and sustainability of our organization depend on the overall satisfaction and experience of our customers as they interact with NMB.</p> <p>By continuously focusing on digitalization, product innovation, and expanding technological capabilities across our operations, the bank aims to deepen financial inclusion and offer more relevant solutions and seamless experiences to its customers.</p>	<p>The Bank regularly tracks customer satisfaction through both internal and external mechanisms, including surveys. In line with the Bank’s commitment to frequently and consistently seek voice of the customer, the Bank uses established tools such as Net Promoter Score (NPS), which is a key metric that is monitored by an independent external service provider (current NPS of 59), and Customer Satisfaction (CSAT) scores.</p> <p>Our achievements have been recognized by external stakeholders, with the slew of global recognitions received during the year affirming NMB as the leading Bank, including being named:</p> <ul style="list-style-type: none">• Best Bank in Tanzania (2022) - Global Brands Magazine• Best Retail Bank – Global Banking & Finance Review• Best Innovation in Retail Banking in Tanzania – International Banker Awards• Best Private Bank Tanzania – International Banker Awards• Platinum Winner Sustainable Bond of the Year (Jasiri Bond) – 2022 Global SME Finance Forum Awards

27. ENGAGEMENT WITH STAKEHOLDERS (CONTINUED)

Stakeholder	Link to Strategy	Engagement
Employees	<p>The ability to attract, develop and retain top talent is key to the delivery of our strategic objectives and the success of our organization over the longer run. We believe that a delightful and seamless customer experience starts with employee experience.</p> <p>Our overall ambition is to remain the employer of choice, providing equal opportunities for development and ensuring best employee experience based on our values.</p>	<p>The Bank continuously enhances its employee experience, putting employees first and putting in place a systematic approach for identifying employee needs, delivering solutions and interventions to create more positive experiences in each part of the employee journey across the Bank.</p> <p>We have forums and communication channels to ensure we hear employee voices from across the organization, and provide regular updates to all employees on various key issues through multiple channels. We ensure that our employees can directly and openly communicate with management and the Board, including:</p> <ul style="list-style-type: none">• Staff town-hall sessions with CEO and Board, fostering a live dialogue through Question & Answer(Q&A) session;• Periodic performance reviews;• CEO communications to staff;• Employee forum meetings – which promoted feedback culture, transparency, equal opportunities, recognition, trust and respect. Members of the Board participated in the discussions, including via Annual Branch Managers meeting.• Employee satisfaction and engagement surveys: a formal feedback system which ensures that employee views and suggestions are considered when making decisions, especially in cases that may impact them (current EOS score of 75%). <p>By continuously encouraging our employees to proactively engage and consider their professional development paths by participating and providing feedback through various mechanisms, we ensure that their voice and suggestions are considered as we aim to help our employees achieve more of their potential by driving high-engagement levels through meaningful and diverse experiences.</p> <p>The Bank has been recognized for its continuous efforts and commitment towards driving an inclusive, diverse, and highly-engaged organization, having being named:</p> <ul style="list-style-type: none">• Africa Best Employer Brand (2022) – Employer Branding Institution• Tanzania’s Employer of the Year – Association of Tanzania Employers (ATE)

27. ENGAGEMENT WITH STAKEHOLDERS (CONTINUED)

Stakeholder	Link to Strategy	Engagement
Communities	<p>The Board recognizes that NMB, as the leading financial institution in Tanzania, has a significant role to play in supporting the country’s overall socio-economic development agenda. The Bank is committed to address society’s biggest environmental and social challenges, contributing in this way to Tanzania’s sustainable development.</p> <p>Financial inclusion is integral to individual wellbeing and the prosperity of our communities. Deepening financial inclusion is therefore interlinked with our business strategy. Our aim is to make our products and services more accessible and to increase their usage, and do so sustainably.</p> <p>We work with and support the communities in which we operate in different ways. In line with our Community Social Responsibility (CSR) commitment and guided by our key pillars, we continue to invest heavily in the areas of education, health, and financial literacy training, to support various social impact programs.</p>	<p>We have continued to run a range of financial literacy programs and sessions, covering various topics, to increase awareness and enhance overall financial skills.</p> <p>We have continued to support various educational institutions across the country by contributing school equipment and providing support towards enhancing overall educational infrastructure to support students to achieve their learning ambitions.</p> <p>We supported various health centers and facilities through provision of healthcare equipment in line with our key pillar of health, to support to improve access to quality healthcare, enhance quality of life, and enable a healthier future for our communities.</p>



27. ENGAGEMENT WITH STAKEHOLDERS (CONTINUED)

Stakeholder	Link to Strategy	Engagement
Shareholders	Providing sustainable and attractive returns to shareholders while maintaining a strong capital and liquidity position is necessary to ensure the flow of capital is maintained.	<p>The Board monitors the capital and liquidity positions of the Bank, with periodic updates provided through management reports.</p> <p>The Bank encourages an open and transparent dialogue with existing and potential shareholders.</p> <p>Transparent engagement with investors and the wider market helps to understand what investors need so that the Bank can tailor public information accordingly. The Bank communicates with investors through quarterly management statements and Investor calls, half- and full-year results, webinars and media releases.</p> <p>Through Investor Relations, the Bank engages directly with the investor community through results call covering performance and strategy, corporate governance, and sustainability topics. Our periodic results announcements are supported by a combination of presentations and conference calls.</p> <p>The Bank directly engaged with shareholders through the Investor Breakfast meeting, which was held prior the AGM, to facilitate dialogue and interactions with investors and members from the broader investor community on the Bank's performance and other important developments.</p> <p>Further, The Board has different mechanisms to ensure effective engagement with key stakeholders and that the interests of those stakeholder are considered duly in Board deliberations and decision-making, including through the AGM.</p> <p>This dialogue will continue during 2023.</p> <p>Our website https://www.nmbbank.co.tz, also provides our shareholders with access to the Group's results, annual reports, as well as other information relevant to our shareholders.</p>

27. ENGAGEMENT WITH STAKEHOLDERS (CONTINUED)

We undertake regular liaison with other key stakeholders, including the Government, the regulator, and policy makers (at national, regional, and global levels) to share insights and support the development of best practices across our markets.

As part of our regular engagement with the regulator, we discuss bank-specific and system-wide issues, and also use the Tanzania Bankers' Association (TBA) platform, together with other banks, to discuss wider banking system issues, such as regulations and macro issues.

28. PERFORMANCE FOR THE YEAR

2022 Financial Highlights

Statement of financial position

- Total assets of the Bank increased to TZS 10.3 trillion (2021: TZS 8.7 trillion), this represents a yearly growth of 18%.
- The Bank's net loans and advances grew by TZS 1.4trillion (29%) year on year, driven by an increase both Retail & Wholesale loans particularly personal loans. Government securities increased by TZS 205 billion (12%) attributed to yield improvement and deposits growth. Placements and balances with banks decreased by TZS 150 billion (45%) while cash and balances with Bank of Tanzania increased by TZS 67 billion (5%) as the Bank focused in growing loans & advances in diversified ways predominantly to private sector. This asset growth was funded by customer deposits, which grew by TZS 935 billion(14%) and net additional borrowing of TZS 326 billion from FMO and BOT.
- There was an increase in Bank's non-earning assets 7% year on year mainly attributable to increase in cash resulting from deposits growth and deferred Tax while Property and Equipment decreased by TZS 16 billion (10%) as they continue to depreciate.

Statement of profit or loss and other comprehensive income

- During the year, the Group recorded a net profit after tax of TZS 431.6 billion (2021: TZS 292.1 billion), while the Bank earned a net profit of TZS 429.3 billion (2021: TZS 290.2 billion), an increase of 48% year-on-year. This increase in profit was mainly attributed to growth in net interest income and net fees and commission income by TZS 110.1 billion and TZS 76.4 billion respectively.
- The Bank's total operating income grew 27% year on year to TZS 1,107.3 billion (2021: TZS 868.9 billion). The growth is from the Bank's net interest income which increased by 16% following growth in loans and advances while net fees and other income increased by 31% mainly attributed to increase in transaction volumes in Agency Banking, Mobile Banking (NMB Mkononi), Card Business & Fx Income.
- The Bank's operating expenses increased slightly by 9% during the year due to cost efficiency initiatives deployed by the Bank during the year on operating and capital expenditure.

28. PERFORMANCE FOR THE YEAR (CONTINUED)

Statement of profit or loss and other comprehensive income (continued)

- The Bank's subsidiary, Upanga Joint Venture Company (UJVC) Limited made a Profit of TZS 1 billion (2021: TZS 517 Million). The increase in profit attributable to previous year tax liability of TZS 917 million settled in 2021. As at 31 December 2022, its total assets were TZS 40.7 billion (2021: TZS 39.1 billion). Year on year balance sheet size increased by TZS 1.6 billion.
- The audited financial statements for the year are set out on pages 237 to 369.

29. CASH FLOW

During the year, the Group used TZS 152 billion (2021 generated: TZS 759 billion) in its operating activities. This was mainly attributed to the growth of loans and advances to customers by TZS 1.4 trillion (2021: TZS 0.6 trillion) and the net cash flow used in investments in government securities by TZS 31 billion (2021: TZS 60 billion) while exceeding cash generated from deposits from customers amounting to TZS 931 billion (2021: TZS 1,337 billion) respectively.

Other major generation of the cash flow was from borrowings by TZS 214 billion (2021: TZS 139 billion) while major cash use were mainly in investment in property plant and equipment of TZS 14 billion (2021: TZS 11 billion), investment in software of TZS 9 billion (2021: TZS 9 billion) and payment of dividend of TZS 96.7 billion (2021: TZS 68.5 billion).

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 mobilize deposits by targeting individual depositors but also offering competitive rates for fixed deposits and improving cash collection solutions for big corporate customers, government institutions, Non-Government Organizations and other agencies.

30. DIVIDEND

As at 31 December 2022, the Bank complied with BOT requirements on dividend payment, specifically recording Cost to Income Ratio of 42% and Non-Performing Loans ratio of 3.1% against regulatory requirements of 55% and 5% respectively. Formal dividend payment proposal taking into consideration capital requirement will be presented in the May 2023 Board meeting. In 2022, a dividend of TZS 193 per share amounting to TZS 96.7 billion was approved and paid for the year ended 31 December 2021.

31. LIQUIDITY

The Bank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation.

To support adequate levels of liquidity, the Bank has in place arrangements for diversified funding sources in addition to its core deposit base, manages assets with liquidity in mind, and monitors future cash flows and liquidity daily. The Bank has developed respective internal control processes and contingency plans for managing liquidity risk.

31. LIQUIDITY (CONTINUED)

Within the Bank, the Treasury function maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-Bank facilities, to ensure that sufficient liquidity is maintained within the Bank. The daily liquidity position is monitored, and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies are subject to review and approval by the Board.

The Bank has pursued a balanced funding strategy that enables us to reward shareholders while at the same time reserving enough funds to support our business growth ambitions.

Funding Mix

The Bank's primary source of funding during the year was deposits from customers, with the Bank emphasizing the importance of securing current accounts and savings accounts (CASA), including demand deposits, savings deposits, and time/ fixed deposits, as sources of funds to finance lending to customers. Through our wide branch distribution network, enhanced customer propositions, and solid financial footing, we were able to attract and mobilize a good mix of deposits to support our business growth ambitions.

Customer deposits grew by 14% year on year to TZS 7.6 trillion as at December 2022, with the majority being comprised of low-cost deposits. CASA commands 86% of the Bank's total funding, with the funding mix remaining broadly similar on a year on year basis with no major changes in 2022 compared to the year 2021.

Borrowing

The Bank maintains strong relationships with various Development Finance Institutions (DFIs), who through close engagement, continue to demonstrate confidence in the Bank by providing us with long-term facilities in the form of borrowed funds. These funds are used for lending to final beneficiaries to support overall economic development and the growth of key business segments. As at 31 December 2022 the Bank's borrowings balance amounted to TZS 749,615 million (2021: TZS 494,215 million). The Bank was compliant with all lender's covenants as at 31 December 2022 (2021: Compliant).

32. KEY PERFORMANCE INDICATORS FOR BANK

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

Performance indicator	Definition and calculation method	NMB ratios	
		2022	2021
Return on equity	Net profit/Total equity	25%	21%
Return on assets	Net profit/Total assets	4%	3%
Cost to income ratio	Total costs/Net income	42%	46%
Interest margin on wearing assets	Total interest income/ Interest earning assets	12%	12%
Non - interest income to Gross income	Non - interest income/Total income	34%	32%

32. KEY PERFORMANCE INDICATORS FOR BANK (CONTINUED)

Performance indicator	Definition and calculation method	NMB ratios	
		2022	2021
Gross loans to customers' deposits	Total loans to customers/Total deposits from customers	82%	73%
Non - performing loans to gross loans	Non - performing loans/Gross loans and advances	3%	4%
Earning assets to total assets	Earning assets/Total assets	80%	77%
Growth on total assets	Increase in assets for the year/Total asset opening balance.	18%	23%
Growth on loans and advances to customers	Increase in Loans and advances / Opening balance of loans and advances	29%	13%
Growth on customer deposits	Increase in customer deposits/ Opening balance of customer deposits	14%	25%
Capital adequacy			
Tier 1 Capital	Core Capital /Risk weighted assets including off balance sheet items	23.07%	23.8%
Tier 1+Tier 2 Capital	Total Capital /Risk Weighted assets including off balance sheet items	23.09%	24.6%

33. 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 compliance. 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. The policy also assigns responsibilities for specific roles, including Treasury staff, Market Risk unit, Executive Committee, and members of Assets and Liabilities Committee (ALCO).

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 whilst maintaining confidence in the market 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 the following:

33. TREASURY POLICY (CONTINUED)

(i) Liquidity Management (continued)

- 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 are 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.

(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 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.

In addition to liquidity management, the Bank manages its interest expenses through regular review of the fixed deposit rates and other savings accounts rates, as well as striving to obtain reasonable and fair borrowing rates from the interbank and multilateral lenders.

All borrowings have been disclosed under note 32 and 33 to the financial statements. Interest rate sensitivity analysis is disclosed under note 6.2.2.

33. TREASURY POLICY (CONTINUED)

(iv) Contingency Funding Plan

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

- The points that will trigger implementation of the plan.
- Roles and responsibilities of management.
- Team members during impending crisis likely to happen (phase 1) situation and crisis likely to lead into default within next to 48 hours (phase 2); and
- an updated communication channel during the liquidity crisis.

34. PRINCIPAL RISKS AND UNCERTAINTIES

The Bank faces a variety of risks that can impact its short-to-medium-term strategy, including Credit, Operational, Compliance, Information and Communication Technology (ICT), Market, Liquidity, Strategic, and Reputational risk.

Operational risk

Operational risk is the possibility of loss that arises from inadequate or failed internal processes, people, or systems, as well as external events, including legal risks. It encompasses a wide range of potential incidents, including fraud, human error, technology failures, and natural disasters.

Fraud risk, both internal and external, is a subset of operational risk. Despite a low number of fraud cases, the Bank has implemented several stringent controls, including preventive and detective measures, to mitigate this risk. This includes a code of ethics and business conduct, as well as policies and processes to address fraud incidents.

Risk Management Approach:

The Bank implements various measures to mitigate operational risk as part of its Enterprise Risk Management (ERM) framework.

People

- Talent retention, succession planning, and career development programs to ensure the availability of the right skills and resources to support business operations.
- A code of ethics and business conduct to guide staff behavior and promote integrity.

Processes

- Internal policies and procedures to manage operational risk and prevent incidents and losses.
- Use of Risk and Control Self Assessments (RCSA), control testing, and conformance reviews by the Second Line of Defense.
- Discussion of risk events and mitigating measures in Management committees, including the Risk and Compliance Committee (RCC).
- Regular control evaluations and risk reporting with a focus on control improvement.
- Business Continuity Planning (BCP) to minimize the impact of incidents and crises.

34. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Operational risk (continued)

Systems

- Investment in new technology platforms for improved risk reporting, aggregation, and visibility.
- Adoption of international-best practices for risk and threat analysis to guide the protection of information assets.

By implementing these measures, the Bank aims to continuously improve its control environment.

Compliance risk

Compliance risk is the current or prospective risk to earnings, capital and reputation arising from violations or non-compliance with laws, rules, regulations, agreements, prescribed practices, or ethical standards, as well as from incorrect interpretation of relevant laws or regulations. NMB is exposed to Compliance risk due to relations with a great number of stakeholders, such as regulators, customers, tax authorities and other authorized agencies.

Risk Management Approach:

Compliance Risk is managed in accordance with the Bank's Enterprise Risk Management (ERM) framework. NMB has a robust compliance program supported by various policies and procedures aligned to relevant local and international standards and industry best practices. The Bank's policies include the Code of Conduct, Anti-Money Laundering Policy, Fraud and Anti-Corruption Policy, Compliance Risk Management Policy, and Data Governance Policy.

NMB uses a range of tools and processes to ensure effective management of Compliance risks. Compliance performs regulator monitoring and assurance reviews of the Bank's operations to ensure compliance with internal policies, procedures, guidelines, and regulatory requirements.

The Bank has adequate oversight of the Compliance risks at Senior Management and Board levels. Compliance risks and issues are escalated and deliberated in various Committees such as Risk and Compliance Committee; Executive Committee; and Board Audit, Risk and Compliance Committee.

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 manage exposure to credit risk, including intensive appraisal, approval process, disbursement controls, continuous monitoring, collection & recovery, and a robust risk appetite statement.

Risk Management Approach:

Responsible lending is critical to a well-functioning Bank. This means taking into consideration each customer's long-term financing needs, ability to repay and resilience. A range of tools and measures are used during the course of business to manage credit risk within approved risk appetite.

34. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Credit risk (continued)

Risk Management Approach: (continued)

From a governance perspective, the apex credit decision-making committee is the Board of Directors which works with Board Credit Committee and other Management committees, including Wholesale Credit Committee, Retail Credit Committee, Loan Portfolio Quality (LPQ) Committee, and Watchlist and Special Assets Management (SAM) Committee to review credit applications, loan-related controls, as well as asset quality. Branches also have some discretion to autonomously approve certain credits up to closely monitored internal limits. Stress-testing is regularly done to monitor the Bank's liquidity and solvency risks, incorporating stress scenarios for all key risk factors (liquidity, solvency, market, credit, operational risk as well as a black swan combined stress scenario), with measures to deal with all stress outcomes ranging from mild to severe in place.

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.

Risk Management Approach:

The Information Technology Risk Management Policy governs the protection of the Bank's information assets from all threats, whether internal or external, deliberate, or accidental, to ensure business continuity, minimize business damage and maximize return on investments and business opportunities. The objective of the policy is to protect the Bank, its staff, customers and other third parties from information risks where the likelihood of occurrence and the consequences are significant. The policy also stipulates key risk management principles with respect to managing IT Risk across the Bank, including via continuous assessment and monitoring that is done by use of key risk indicators, risk and control self-assessments, and other reviews performed by the second and third line of defense.

Market risk

Market risk is the risk of losses in on and off-balance sheet positions because of adverse changes in market prices i.e., interest rates, foreign exchange rates, equity prices, and commodity prices. Market risk exists in both trading and banking book. A trading book consists of positions in financial instruments and commodities held either with trading intent or in order to hedge other elements of the trading book.

Risk Management Approach:

Market risk at NMB is overseen day-to-day by the Market Risk Team in close collaboration with the Treasury Team. A number of tools are used to control this risk e.g., system limits, dealer mandates etc. There is also close monitoring and tracking of market risk issues in the monthly Asset and Liability Committee (ALCO) and other key Management Committees. Stress-testing is also used to monitor its market risks, with four comprehensive rounds of stress-testing performed in 2022 incorporating stress scenarios for all key risk factors (liquidity, solvency, market, credit, operational risk as well as a black swan combined stress scenario).

34. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Liquidity risk

The risk of having insufficient stable or diverse sources of funding to meet financial obligations as they fall due, without raising funds at unfavorable rates or resorting to distressed sale of assets or central bank support.

Risk Management Approach:

Liquidity risk at NMB is overseen day-to-day by the Treasury function in close consultation with the Market Risk team. A number of tools are used to control this risk, including system limits, dealer mandates, to mention but a few. Close monitoring and tracking of liquidity risk issues is done via the monthly Asset and Liability Committee (ALCO) forum.

Stress-testing is another tool used to monitor the Bank's liquidity risks, incorporating stress scenarios for all key risk factors (liquidity, solvency, market, credit, operational risk as well as a black swan combined stress scenario).

Strategic risk

Strategic risks are the possible losses a business may incur based on decisions made at the strategic level. These include failures in business strategy or a business plan as they relate to either internal or external forces. Internal events that could cause the failure of a business strategy include poor communication, low cash flow, poor execution on stated initiatives, or a change in senior management. External events, such as changes in consumer demand, new technologies, and new market entrants, can also undermine a business's ability to meet its core objectives.

Risk Management Approach:

The Bank is focused on executing the Medium-Term Plan. Key risks associated with our long term growth aspirations have been identified and periodic reviews and measurement are performed to provide assurance.

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 legal actions against the Bank. The Bank has stringent reputation risk controls in place including very tight controls on corporate communications and messaging.

Risk Management Approach:

The Bank proactively seeks to enhance its overall reputation and manages potential reputational risks in line with its overall control framework. Reputational risk is monitored and managed through review of respective incident reports and assessments, risk and control assessments pertaining to the first and second lines of defense functions, as well as results of respective surveys covering the Bank's overall brand health and their respective action plans.

35. RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

The Board carries out risk and internal control assessment through the Board Audit, Risk and Compliance Committee. The Board assessed the internal control systems throughout the financial year ended 31 December 2022 and is of the opinion that they met the accepted criteria.

36. SERIOUS PREJUDICIAL MATTERS

In the opinion of the Directors, there are no serious unfavourable matters that can affect the Bank (2021: None).

37. SOLVENCY

Solvency risk is the risk of insufficient capital available in relation to the amount of capital required to carry out the NMB’s strategy and to satisfy regulatory capital adequacy requirements.

Solvency risk is monitored and overseen by ALCO, in addition to other key Management Committees.

Stress-testing is another tool used to monitor the Bank’s solvency risks. Four comprehensive rounds of stress-testing were performed in 2022 incorporating stress scenarios for all key risk factors (liquidity, solvency, market, credit, operational risk as well as a black swan combined stress scenario.)

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.

38. MAJOR FINANCING TRANSACTIONS

During the year, the Bank obtained additional unsecured loans totaling USD 125 million (TZS 295 billion) from Financierings-Maatschappij voor Ontwikkelingslanden N.V (FMO) . The loans are repayable after six year. Borrowings were taken to facilitate lending in wholesale space.

39. BANK’S OPERATING MODEL

The Bank’s operating model enables us to manage resources and relationships responsibly to deliver the best outcomes for stakeholders. The business is anchored by a corporate philosophy that is centered around social and economic transformation.

The Bank develop and distribute a wide range of products and services tailored to our market segments in secure and accessible channels and run a strong customer care program. These activities help to ensure sustainable business growth and high levels of financial output, which is used to reinvest in the resources and relationships that we rely on to do business and to deliver on our core purpose.



40. RESOURCES MANAGEMENT

The Bank’s relevance today and in the future, along with our ability to create long term value for our stakeholders is dependent on our ability to effectively manage and leverage the forms of capital available to us.

Financial Capital

This capital enables us to deliver sustainable funding of our business activities. The Bank maintains a strong level of capital to support its business growth strategies and to meet regulatory requirements. We deploy this capital to productive opportunities to sustain our business, leverage growth, achieve sustainable returns, and create value for our stakeholders.



40. RESOURCES MANAGEMENT (CONTINUED)

Financial Capital (continued)

The Bank has pursued a balanced funding strategy that enables us to reward shareholders while at the same time reserving enough funds to support our business growth ambitions. The balance sheet has recorded a steady growth over the years to TZS 10.2 trillion as at end of year 2022, with shareholders' funds growing to TZS 1.7 trillion as at the end of December 2022. The Bank paid shareholders dividends in June 2022 to a tune of TZS 96.7 billion for the year ended 31 December 2021.

In addition to retained earnings, most of the Bank's funding comes from customer deposits, which make up the majority share of our funding liabilities. In 2022, through Bank's wide distribution networks, enhanced customer propositions, and solid financial footing, attracted and mobilized a good mix of deposits to support our business growth ambitions. Our customer deposits grew by 14% year on year to TZS 7.6 trillion, with the majority being comprised of low-cost deposits which supported a 29% growth in our loan book to TZS 6 trillion. Borrowed funds, mainly from our key strategic and development partners, stood at TZS 749 billion as at end of December 2022.

The Bank has robust internal policies for capital and liquidity management, in line with regulatory requirements, which ensure all its obligations to stakeholders are met on a timely basis and that strong returns are achieved from these investments. With the Liquid Assets Ratio (LAR) of 27.27% as at the end of December 2022, our balance sheet can adapt to opportunities and changes in our external context, enabling us to respond appropriately to borrowers and new prospects when these arise.

Cost efficiency also guides the Bank's financial decision making, ensuring we manage our operating costs with necessary effectiveness. The Bank has pursued various strategies aimed at cost optimization, with further efficiency gains during the year resulting in a cost to income ratio of 42% as at the end of December 2022 (2021: 46%).

Asset quality continues to be an area of emphasis with further improvements seen in overall credit quality during the year. The Bank's NPL ratio for the year stood at 3.1%, below the regulatory threshold of 5%, with the performance anchored on proactive and close relationship management and knowledge of our customers. In addition, we have robust risk management measures and credit underwriting policies that underpin our approach to lending.

The Bank will continue enhancing its balance sheet to remain agile and to be able to adapt to any changes in the operating environment as enabled by strong liquidity and improved asset quality. The Bank will continue to invest in digitization and innovation for increased operational efficiency and diligently oversee the utilization of financial resources in the Bank's operations.

Human Capital

People remain the critical factor in deriving positive results from all other capitals as they carry the vision of the Bank. Therefore, human capital is at the core of the Bank's strategic ambitions. To deliver on our strategic ambitions, we have a team of 3,544 employees, drawn from diverse backgrounds, serving our customers across the business. The Bank continually invest in human resource development focusing on but not limited to training, staff wellness, staff recognition, competitive remuneration, and career growth.

40. RESOURCES MANAGEMENT (CONTINUED)

Human Capital (continued)

A strong performance-driven culture is critical for the Bank to deliver on our ambitions, with success in the industry being reliant on being agile and able to adequately respond to the dynamic demands and needs of current and future clients. We have made good progress in ensuring that our human capital is able to cater for our present and future needs. In 2022, the People agenda continued to focus on enhancing staff productivity across the Bank, in line with the Bank's goal of being customer centric and highly performing. During the year, the Bank undertook various programs, including both virtual and in-person training courses, to build the capacity of staff to be able to position the Bank to achieve its strategic goals and deliver its mission.

The Bank continues to invest in various training to all its staff, including tapping into in-house and external experts, to train and develop employees through relevant courses. The Bank also continuously invests in leadership training for the leadership team to ensure they are well equipped with both technical and soft skills to enable them to carry out their duties as expected.

The Bank's ability to attract talent from the market is premised on reputation in the industry and anchored on excellent performance over time. The Bank continually benchmark our compensation and benefits plans for employees to ensure that we remain competitive in the market. The Bank is keen to develop employees and support them to achieve their career goals and personal aspirations by regularly assessing and enhancing our employee value proposition.

Diversity and inclusion are a cornerstone for the Bank as it provides a competitive advantage by enriching the composition of the team. The Bank aims to see women, just like men, achieve their career goals in the Bank through deliberate efforts around performance management, coaching, and mentoring. To this end, the Bank continues to put in place initiatives that drive this agenda. As at the end of December 2022, the Bank had a female ratio of 48%, with 31% female representation at leadership levels.

Intellectual Capital

Intellectual capital comprises the Bank's brand perception, its intellectual property, and its overall capacity to be innovative in the provision of its products and services. At NMB, our intellectual capital includes highly talented human capital, leading technological innovations, our systems and processes, and our rich heritage and strong brand that resonates with over 6 million customers in Tanzania.

Brand and Reputation

The NMB brand has become a household name across the country. The brand is supported by marketing effort, investor relations, our well-trained teams, and by our customers' advocacy. The Bank is geared to create positive customer experiences at every touch point. The Bank periodically undertakes a review of brand health, identifying top brand drivers and the stress points with specific remedial actions.

To this end, the Bank has invested in various products, solutions, and a contact center which handles high volume of customer engagements. Furthermore, the Bank ensures that its reputation credentials remain solid, driven by rigorous stakeholder engagement, compliance with regulatory requirements, and a strategic communications approach.

40. RESOURCES MANAGEMENT (CONTINUED)

Technology

Technology is a key enabler in creating and delivering value for our customers and stakeholders, ensuring relevance, and improving financial inclusion. Therefore, technology plays a pivotal role in driving our growth, performance, and operations. To drive the digital transformation agenda, we have recruited specialists in key areas including Data Analytics, Data Architecture, Systems Development, to enhance our technological capabilities. We have also made several enhancements to our technology infrastructure, resulting in improved stability, connectivity, and service availability.

An upsurge in usage of digital channels and technology means an increase in potential risks that target technology solutions and clients on various platforms. To enable us to protect against potential attempts, we enhanced our overall cyber-security environment to safeguard our information and technological assets. We regularly carry out tests on our systems for cyber risks and security as we continue to prioritize the safeguarding of our client's information. Data protection and governance are crucial for customers' trust in the banking sector. Our customers entrust us with confidential and personal information that we keep safe and aim to always comply with respective data protection requirements.

Innovation

Products and services need to be reflective of the ever-evolving customer needs to remain relevant. During the year, our innovation teams continued to work on different projects to enhance customer propositions through continued innovation and development of our platforms. The on-going innovation has resulted in better customer experience, improved system efficiencies, and helped to unlock big data potential for future product development.

Manufactured Capital

Manufactured capital consists of equipment, physical facilities and infrastructure, digital channels such as ATMs, and technology whose value is realized in the delivery of products and services. Our equipment and facilities primarily provide comfort, convenience, and security to our customers and employees. Our wide distribution network and innovative digital platforms, including mobile banking, cards, and agents, provide competitive differentiation and are key delivery channels which support the widening of access to financial services in the country – over 90% of all our customer transactions are carried out on our alternative channels. We invest constantly to improve our infrastructure, which is essential for the efficiency of our business model.

Bank's Channels:

To complement wide branch distribution, the Bank has invested heavily in innovative delivery channels which have played a critical role in improving access to financial services and widening financial inclusion.

- **NMB Mkononi:** NMB Mkononi is mobile banking service that enables customers to enjoy easy access to a variety of banking services, money transfer, and payment services. NMB Mkononi has continued to reach many customers who would have remained unbanked.
- **Agency Banking:** The Bank has been at the forefront of widening financial inclusion through implementation of the agency banking model. Through agents, the Bank can extend banking services in areas where banking services are unavailable or not easily accessible.
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40. RESOURCES MANAGEMENT (CONTINUED)

Bank's Channels: (continued)

With 19,870 agents as at the end of December 2022, agency banking also creates business opportunities for services providers allowing them to create incomes and employment where it is most needed. Agents enable customers to access banking services including making deposits, withdrawals, and bill payments beyond official banking hours. Due to greater geographical area covered by agents, customers also enjoy greater convenience as services come closer to their most accessible location.

- **Internet Banking (NMB Direct):** NMB Direct is the bank's internet-banking solution, which enables customers to do end-to-end banking through a secure and feature rich platform. The platform continues to be enhanced to improve the overall customer experience and continues to see good growth year on year in the number of users.
- **Branch Network and ATM:** This is our footprint across the country consisting of 227 branches and 781 ATMs which support our channels and are distributed all over the country. Services accessed by customers in our ATMs include cash withdraws and deposits, balance inquiry, and cardless cash withdrawals.
- **Cards and Merchants:** We have a widely recognized range of card-based payment products, including debit cards, credit cards, pre- paid cards, and QR codes as cash-free payment solutions. Our debit and credit cards can also be used for online e-commerce transactions. Our cards feature industry PCI security standards to ensure that our customers transactions are safeguarded. We have partnered with various merchants to offer card discounts to our customers to support cash displacement, including hotels, restaurants, gas stations, consumer goods stores, among a host of other merchants.

ICT infrastructure:

The Bank continues to invest optimally in ICT to improve the overall customer experience. Various robust digital platforms enable us to offer enhanced digital experiences to our customers. As a result of the continued investment in the digital space, we remained a top-tier financial institution in the country providing innovative solutions, improving ease of access to banking services, and ensuring system availability and reliability.

We are also in the process of upgrading the core banking system to ensure continued stability and enhanced customer satisfaction.

We are keen to ensure that we remain a pace setter for progressive modernization of the infrastructural and manufactured capital which will improve efficiency and enhance our multi-channel customer engagement while creating a scalable and resilient infrastructure. Our investments in these areas will deliver a more efficient, scalable, and flexible infrastructure to support our strategic ambitions.

Social and Relationship Capital

At NMB, it is our firm belief that we can only prosper if the communities that have given us the social license to operate, thrive. This is what forms the basis of our social and relationship capital. The social and relationship capital broadly represents the Bank and the relationships within and between communities, various stakeholders, and the ability to enhance individual and collective well-being.

40. RESOURCES MANAGEMENT (CONTINUED)

Social and Relationship Capital (continued)

NMB Bank champions the efforts of Tanzanians to sustainably transform their lives. To champion socio-economic development, the Bank implements various social impact initiatives through the Corporate Social Investment arm of the Bank which serves as the corporate philanthropy vehicle of the Bank.

The social investment programs are guided by the key pillars of Education, Health, Natural Disaster Recovery, and Financial Skills-building for various groups. To deepen impact to communities, the NMB Foundation was established as a vehicle to broaden social impact. A core facet of the revamped model seeks to leverage the Bank's strategic partnerships with local and international stakeholders, including development organizations and the private sector, to further advance social and economic change for Tanzanians.

We maintain strong and positive relationships with our regulators and key stakeholders, including the Government of Tanzania. The relationships have been deepened through enhanced engagements to support the Bank's overall mission.

Natural Capital

Natural capital encompasses the natural resources that we employ in our value creation to our stakeholders. We are committed to employing the natural resources in a responsible way, ensuring that we minimize negative impact on the resources. The Bank recognizes its responsibility to achieve global climate goals and is investing optimally to ensure systemic change. Internally, the Bank is committed to reducing its carbon footprint by installing energy efficient LED lighting and HVAC systems across the network. We will continue to identify effective ways to use and manage the natural resources which are available to us more efficiently.

41. EMPLOYEES' WELFARE

Management and employees' relationship

The employee relations landscape across the Bank's network has continued to be very stable as evidenced by healthy relations between management and trade unions with regular interactions and engagements between the parties.

The establishment of the Employee Engagement Forum (SIKIKI) in June 2019 has proved to be an important means to connect management to staff, champion employee engagement, receive new business ideas from staff and find best ways to resolve staff and business matters proactively. In that regard, there was no major unresolved grievance(s) from staff.

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

Training facilities

During the year, the Bank spent TZS 3,900 million (2021: TZS 3,660 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.

41. EMPLOYEES' WELFARE (CONTINUED)

Medical assistance

All staff and their dependents (spouse and up to four children) are availed medical services by the Bank through an external service provider. Staff's parents and their in-laws are included under medical insurance with the current external service provider.

Financial assistance to staff

Loans are available to all confirmed employees depending on assessment, and 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.

42. GENDER PARITY

As at 31 December 2022, the Bank had 3,544 employees (2021: 3,482); out of which 1,850 (52%) were male and 1,694 (48%) were female (2021: male 1,809 (52%), female 1,673 (48%)).

43. RELATED PARTY TRANSACTIONS

All related party transactions and balances are disclosed in note 41 to the financial statements.

44. POLITICAL DONATIONS

The Bank did not make any political donations during the year (2021: NIL)

45. 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.

46. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Our CSR strategic pillars and innovations integrates socio-economic development aspect into the value chain of business that brings value to communities and business. To demonstrate this the Bank has set guidelines and policies to guide the implementation of CSR activities efficiently and in a transparent manner through various social programs which continue to uplift lives and support the needy. In 2022, the Bank allocated TZS 2.9 billion (2021: TZS 2.1 billion), being 1% of the Bank's previous year's profit after tax, towards various CSR initiatives across the pillars of education, health, financial literacy training, and disaster recovery.

Education

The Bank continued to contribute towards promoting good learning environment for both primary and secondary schools across the country with the aim to empower students to achieve their education prosperity. In 2022, the Bank supported about 459 schools with 68,850 desks to benefit over 206,500 students. The Bank also provided 18 schools with 720 double decker beds to support 1,440 boarding students.

Construction of schools and health facilities play an important role in the development agenda of the country. NMB under its CSR have been actively involved in construction/ renovations of schools and health centers across the network by supporting roofing materials like softwood, iron sheets, and nails. In 2022 about 77 schools and health facilities supported with roofing materials.

Health

The Bank contributed to the access and uptake of maternal health services through provision of hospital equipment's like hospital benches, complete set of hospital beds, delivery beds, bedsheets, stretchers ward separators and delivery kits. The main purpose of this initiative is to support the wellbeing of the communities. In 2022, about 42 health facilities benefiting over 210,000 people were supported.

Financial Literacy

The aim of the financial literacy pillar is to build the capacity of our beneficiaries through a broad range of educational resources in order to support their future development and to build a more inclusive economy. During the year, various programs including the Wajibu School Program and NMB Business Clubs, along with NMB carrier expo, Youth Proposition "Go na NMB", provided platforms for financial literacy training which imparted key financial knowledge to over 147,630 youth and adults.

Natural Disaster Recovery

During the year, the Bank supported 8 schools affected with winds and heavy rainfall which left classes without roof cover caused interruption in the whole process of teaching and learning. The Bank provided roofing materials and actively engaged with schools and students' customers affected by the disaster for comfort and support.

Supporting Persons with Disability

During the year, the Bank spent TZS 24.3 million towards purchasing assistive devices to support Persons with Disability. Various items supported includes, wheelchairs, sunscreens, white cane and skin lotion, which impacted the lives of over 150 persons with disability.

46. CORPORATE SOCIAL RESPONSIBILITY (CSR) (CONTINUED)

Run for a Cause – NMB Marathon

In the year 2021, the Bank committed to uplifting the lives of women affected by fistula through raising a total of TZS 1 billion in the span of two years to support treatment of women with fistula. In the same year the Bank was able to rise TZS 400 million and in 2022, the Bank in partnership with CCBRT implemented the "NMB Marathon – Mwendo wa Upendo" managed to raise TZS 600 million to accomplish the set objective. All the funds collected already disbursed to CCBRT to support fistula treatment for women.

Employee Volunteerism and Engagement

We recognize the contributions of our staff in creation of value that helps strengthen our business relations with customers and the communities. Given the matching up funds initiative enabled our staff across the network to deliver on our purpose by touching the lives of the needy a segment which isn't covered under the Bank's CSR strategic pillars. Involvement of staff promote inclusive culture that embody the Bank brand promise NMB Close to You with 2022 slogan Turn up the volume- No limit. Staff contributed over TZS 7.9 million to support over 1700 needy people in the community from different background including orphans, persons with disability, pregnant women and schoolgirls.

NMB Nuru Yangu Scholarship and Mentorship program

The Bank announced the official opening of NMB Nuru yangu scholarship program for undergraduate students, with the application window opened in June 2022. Following completion of the selection process, the first cohort comprising of 65 beneficiaries were on-boarded.

47. CLIMATE-RELATED RISKS

General classification of climate-related risks

We recognize climate change as one of the most significant risks facing our planet. Climate risk is central to our sustainability agenda at NMB, as we look to limit the impacts that result from the transitional or physical effects of climate change. We continue to work on the measures required to address climate change, to mitigate impact of our operations on climate and to support a transition towards lower-carbon operations and products.

Climate related risks are potential negative impacts on the Bank arising from climate change. The Bank may be exposed to physical risks (risks that arise as a result of severe or acute climatic events and longer-term shifts in climate patterns) and transition risks (risks that arise as a result of measures taken to mitigate the effects of climate change and transition to a low-carbon economy).

The Bank is in the process of enhancing its Environmental and Social Policy (E&S) framework to address climate-related risk. The Bank's Enterprise Risk Management Framework for risk identification, mitigation, and reporting (including socio-environmental) identifies risk elements and assigns overall mitigation and risk management responsibilities within the Bank. The Bank has also set out principles through its E&S Policy, to ensure climate related factors are given due consideration in lending decision making, and that clearly articulated mitigants are in place to address identified climate-related risks. The policy also provides relevant criteria against which clients and transactions are screened, as well as excluded sectors which the Bank will not finance.

47. CLIMATE-RELATED RISKS (CONTINUED)

General classification of climate-related risks (continued)

The Bank continues to strengthen capabilities to support our overall ambitions, and to deploy relevant tools that enable the Bank to consistently measure and monitor our portfolios and alignment towards supportive climate efforts. The Bank aims to continue to adopt relevant, applicable standards wherever possible to allow for compatibility across industry peers and efficiency as much as possible.

Our process of identification and assessment of Climate-related risks

Climate Risk Review

Our risk processes enable us to take account of the potential wider implications of our business activities and products and services on the environment and society.

To assess risks to the environment, to people and to society, NMB pursues a risk-based approach. The current focus is on lending, capital markets and advisory transactions where NMB plays a significant role, as opposed to flow trading business, which is more dynamic in nature. Certain industry sectors, client operations or projects, or financial services have been identified as carrying higher risks and are prioritized for due diligence.

Exposures to Carbon-Related and Climate-Sensitive Sectors

On this basis, we have identified the client sectors in our portfolio which we believe face the most elevated exposure to climate risk or which present the greatest potential for climate- related opportunities. As a starting point, we have identified the following sectors:

- Agriculture
- Building and Construction
- Electricity, Oil and gas
- Manufacturing
- Transport and Communication
- Mining& Quarry

Bank’s exposure to identified sectors with elevated levels of climate risk.

Sector	Contribution to Total Loan Portfolio	Climate Related Risk
Agriculture	6.8%	The Network for Greening the Financial System (NGFS) Net Zero 2050 scenario highlights that agricultural demand in Africa will be increasing by approximately 80% by 2050. Agriculture contributes towards climate change through greenhouse gas emissions and by the conversion of non-agricultural land such as forests into agricultural land. However, the sector is the backbone of the country’s economy, with a GDP contribution of over 30%. It provides food security and employs over 65% of the country’s population. It is critical to the economic growth and development of Tanzania.

47. CLIMATE-RELATED RISKS (CONTINUED)

Exposures to Carbon-Related and Climate-Sensitive Sectors (continued)

Sector	Contribution to Total Loan Portfolio	Climate Related Risk
Building and Construction	5.5%	<p>TAs the country continues to develop, the pace of construction of buildings and infrastructure network within it accelerates as well. McKinsey research indicates that the construction value chain is directly or indirectly responsible for almost 40% of global CO2 emissions from fuel combustion and 35% of GHG emissions overall.</p> <p>‘Seizing the decarbonization opportunity in construction McKinsey’.</p> <p>As a key input into concrete, the most widely used construction material in the world, cement is a major contributor to climate change. The chemical and thermal combustion processes involved in the production of cement are a large source of carbon dioxide (CO2) emissions. Each year, more than 4 billion tonnes of cement are produced, accounting for around 8 per cent of global CO2 emission.</p> <p>https://www.chathamhouse.org/2018/06/making-concrete-change-innovation-low-carbon-cement-and-concrete</p>
Energy Sector:		
Electricity	2.2%	<p>The NGFS Net Zero 2050 scenario shows oil & gas demand in Africa continuing to rise to 2050. Development of Africa’s gas reserves will help to balance economic development and social upliftment with emissions reduction, by facilitating the switch from higher emitting energy sources such as wood and coal, to lower- carbon fuels. NMB will continue to finance oil & gas responsibly with a great sense of environmental stewardship so as to spur positive environmental and socio-economic benefits for the country.</p> <p>However, we have identified the energy sector as a sector with elevated levels of climate risk because according to research, the combustion of coal, oil, and natural gas represents 89% of global CO2 emissions.</p> <p>PBL, Netherlands Environmental Assessment Agency. ‘Trends in global CO2 and total GHG emissions:2020 report’.</p>
Oil & Gas	9.9%	



47. CLIMATE-RELATED RISKS (CONTINUED)

Exposures to Carbon-Related and Climate-Sensitive Sectors (continued)

Sector	Contribution to Total Loan Portfolio	Climate Related Risk
Manufacturing	5.4%	<p>While the manufacturing and production sectors are key drivers for economic growth, comprising 16% of global GDP, activity from these sectors also poses serious environmental risks. Manufacturing activities generate direct emissions resulting from diverse processes, including the on-site combustion of fossil fuels for heat and power, non-energy use of fossil fuels, and chemical processes used in iron, steel, and cement production. In addition, manufacturing generates indirect emissions from the centrally generated electricity it consumes.</p> <p>We have identified the sector as having elevated levels of climate risk, with global manufacturing and production centers responsible for one-fifth of carbon emissions according to recent publications.</p> <p><i>World Economic Forum: Reducing the carbon footprint of the manufacturing industry through data sharing.</i></p>
Transport and Communication	2.8%	<p>Transport and logistics sector is pivotal for both the economy and the society. It is, however, a sector that has elevated levels of climate risk, with a relatively large carbon footprint and approximately 24% of global emissions.</p> <p><i>(International Energy Agency).</i></p>
Mining and Quarry	0.7%	<p>The mining sector has some inherent level of impact for the environment. However, the sector plays a key role in creating jobs and is a key source of foreign exchange inflow for the country. Through on-going concerted efforts, overall ESG and sustainability efforts have accelerated, helping the sector to meet the demand for metals and minerals while managing overall impacts for the climate and the environment.</p>

The Bank will continue to assess the impact of climate-related factors on our strategy, business, financial performance, and risk management, and will continue to enhance disclosures in line with evolving global standards. During the year, the Bank accelerated implementation of a sustainability transformation program which aims to further embed sustainability and environmental considerations in all aspects of our operations, including on risk management, lending decisions, vendor management, and other downstream operations.

48. STRATEGY AND BUDGETARY PERFORMANCE

On global stage, the on-going geopolitical tension between Russia and Ukraine continued to be a major undercurrent influencing demand and supply of key products such fossil fuels and wheat. Russia and Ukraine being an important producers for Wheat, oil and gas; conflict among these neighbors triggers major supply chain disruption globally leading to rising energy and food prices as other suppliers scrambled to cover the shortage. Global inflationary pressure and volatility in global FX markets ensued. Businesses had to rapidly adjust and comply with necessary sanction requirements issued by respective regulatory bodies.

The global dynamics highlighted, presented business challenges by way of rising costs on account of imported inflationary pressure. Equally the same dynamics presented increased deal size for trade finance products extended to oil and wheat importers. On a separate note, the government unveiled its bold play on leisure and tourism sector by Her Excellency Samia Suluhu Hassan taking center stage in positioning the country as a go to destination for tourism via Global PR campaign (The Royal Tour).

The 2022 annual strategy took into consideration the projected GDP growth at the rate of 5.5% (actual 4.5%), the annual budget and stated priorities sectors/projects, National Five-Year Development Plan Phase II (FYDPII) and Mkakati Wa Kukuza Uchumi Zanzibar (MKUZA) III with the following broad key drivers:

- Accommodative monetary policy stance as has been the case;
- Ongoing Government Infrastructure projects expected to grow our off-balance sheet book;
- Expected Shilling stability against global leading currencies (USD etc);
- Stable but declining interest rate environment (sustained downward pressure on T-bills); and
- Contained COVID impact with its effects having wane off and expected not to significantly disrupt the local economy.

The Bank's balance sheet and revenue growth projected in 2022 strategy and budget was expected to be driven by:

- Increased client activity on our channels such as internet banking, NMB Mkononi, Wakala and branches;
- continued system enhancements along with proactive process review and to support desired service improvements;
- Deepening penetration in wholesale customer base;
- Process automation to enhance remote physical delivery capabilities such as Wakala and do it yourself options on NMB Mkononi (mobile app); and
- Keen focus on performance management practices and overall organizational health.

Commitment was made to initiate key strategic projects such as customer relationship management platform, improvements in agency banking support systems, loan management systems and enterprise master data management platforms. These projects collectively sought to improve working tools and delivery for improved customer experience. Management is pleased to report that great progress is being made on these projects.

Given the above considerations, the Bank performance against the budget were as follows:

- The Bank closed 2022 with total assets position of TZS 10.2 trillion against budget of TZS 9.2 trillion being 12% above budget.
- Customer deposits was TZS 7.6 trillion against a budget of TZS 7 trillion being budgetary achievement and remarkably 9% growth.

48. STRATEGY AND BUDGETARY PERFORMANCE (CONTINUED)

- Gross loans and advances closed at TZS 6.2 trillion against budget of TZS 5.6 trillion, being 29% growth performance and 4% budgetary achievement.
- Off balance sheet items was a clear strategic focus for the year 2022 where we set to grow exposure from TZS 987 billion to TZS 1.3 trillion, actual performance was TZS 1.7 trillion far surpassing the stated ambition.
- The Bank surpassed revenue target by TZS 102 billion to deliver TZS 1,107 billion in total revenue against budgeted revenue of TZS 1,005 billion, being 27% year-on-year growth performance.
- Operating expenses were proactively managed to ensure reductions on property expenses and office expenses. Increases in general expenses by 17% was being attributed to increased sales driven activities and campaigns.
- Overall cost performance registering a 9% year on year increase with key driver being increases in staff cost attributed to commitment to ensure compensation and remuneration is continuously reviewed to ensure continued alignment to economic conditions (inflation adjustment), competitive environment (industry benchmarking) and reward for strong business performance (bonus).
- Strong credit risk management performance ensured a commendable NPL of 3.1% keeping us well below regulatory threshold of 5% and furthermore managed to contain impairment charge within budget.

Looking at non financial aspects; our execution successes were not confined to financials only. Excellent engagement with staff via forums such as quarterly Town Hall, Branch visitations by Executives, SIKIKA forum, and annual Branch Managers meeting have paid off allowing employees sufficient forum to have issues aired and addressed. In 2022 management had the pleasure of extending these engagements further by holding Town Hall meetings at Zonal offices and broadcasting the same to the rest of the staff and by so doing increasing engagement levels of colleagues across the network.

The Bank continued to invest in its staff by ensuring they are equipped with critical skills needed to execute our growth agenda. For instance, eight (8) management trainees have successfully completed their training and a fresh batch has been on boarded, Relationship Manager (RM) academy and Branch Manager (BM) academy continue to empower colleagues all across the network ensuring we have adequate supply of managers at branch level and capable sales people oversee our business execution agenda.

Furthermore, the Bank successfully held an Annual General meeting (AGM); being a first physical AGM in three years since COVID 19 forced interruption that challenged us and necessitated AGM meetings to be held online. Investor's response and participation was very encouraging, and feedback received was overwhelmingly constructive.

Our performance has received both internal and local acclaim as a seal of independent validation. Some of these accolades putting both the Bank and Country at the forefront of financial innovation. A good example being Jasiri Bond having received Platinum Award (Top honors) as Sustainable Bond of the year.

18 International awards and recognition for excellent performance were received by the Bank.

Below are a few Awards mentions;

- Best Bank in Tanzania 2022
- Best Retail Bank in Tanzania 2022
- Best SME Bank in Tanzania 2022
- Best Private Bank in Tanzania 2022

48. STRATEGY AND BUDGETARY PERFORMANCE (CONTINUED)

- Best Agribusiness Bank Tanzania 2022
- Platinum Winner Sustainable Bond of the Year 2022

4 Local awards and recognitions for excellent performance, these being;

- Most compliant tax payer of the year 2022 by TRA
- Largest Taxpayer in Financial industry by TRA
- 3rd Overall taxpayer in the country by TRA
- Employer of the Year 2022 by ATE

49. STATEMENT OF COMPLIANCE WITH TFRS-1

The financial statements of the Bank are in compliance with all provisions of TFRS-1 and other legal and regulatory requirements.

50. AUDITORS

Deloitte & Touche was the auditor of the Bank for the year ended 31 December 2022 in accordance with Section 170(2) of the Companies Act, No.12 of 2002. Appointment of Deloitte for the year ended 31 December 2022 was done at the Annual General Meeting in June 2022. The process comply with the requirements of Section 6 of the Banking and Financial Institutions (External Auditors) Regulations, 2014.

Deloitte & Touche with PF No 025 and TIN 100-148-692 is an audit firm registered by the National Board of Accountants and Auditors of Tanzania (NBAA).

BY ORDER OF THE BOARD



Dr. Edwin P. Mhede
Chairman

30 March 2023

Statement of Directors' Responsibilities for the year ended 31 December 2022

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 the International Financial Reporting Standards (IFRS) and in a manner required by Companies Act, 2002, and the Banking and Financial Institutions Act, 2006.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Bank and of the Group and of its operating results. 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 the Group 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:



Dr. Edwin P. Mhede

Chairman

30 March 2023

Declaration of the Chief Financial Officer for the year ended 31 December 2022

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 230.

I, Juma A. Kimori, being the Chief Financial Officer of NMB Bank Plc hereby acknowledge my responsibility of ensuring that the Group and the Bank's financial statements for the year ended 31 December 2022 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, 2006.

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 31 December 2022 and its financial position as on that date and that they have been prepared based on properly maintained financial records.



CPA Juma Ajuang Kimori

Chief Financial Officer

NBAA Membership number: ACPA 3755

30 March 2023



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INDEPENDENT AUDITORS’ REPORT
TO THE SHAREHOLDERS OF NMB BANK PLC

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the separate financial statements of NMB Bank PLC (the “Bank”) and the consolidated financial statements of the Bank and its subsidiary (together, the “Group”) set out on pages 237 to 369, which comprise the consolidated and separate statements of financial position at 31 December 2022 and consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and of the Bank at 31 December 2022 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”) and the requirements of the Companies Act, 2002 and the Banking and Financial Institutions Act, 2006.

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 Separate Financial Statements section of our report. We are independent of the Group and the Bank in accordance with the National Board of Accounts and Auditors (NBAA) Code of Ethics which is consistent with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Tanzania and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

INDEPENDENT AUDITOR’S REPORT (CONTINUED)

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the matter
<p>Estimation of expected credit losses on loans and advances</p> <p>Loans and advances to customers constitute a significant portion of the total assets of NMB Bank Plc. As disclosed in notes 3(f), 4(a), 6(1) and 20 of the consolidated and separate financial statements, management exercise significant judgment when determining both when and how much to record as loan impairment. This is because a number of significant assumptions and inputs go into the determination of Expected Credit Loss (ECL) impairment amounts on loans and advances to customers as required by IFRS 9 <i>Financial Instruments</i>.</p> <p>Furthermore, the evolving economic impact of the COVID-19 pandemic has increased the overall risk of credit default and the possibility of significant increases in credit risk, hence raising the uncertainty surrounding management judgments and estimating processes.</p> <p>The key areas where we identified greater levels of management judgment and therefore increased levels of audit focus in the Bank’s implementation of IFRS 9 include:</p> <ul style="list-style-type: none">• The judgments made to determine the categorisation (staging) of individual loans and advances accounts in line with IFRS 9. In particular, the identification of a Significant Increase in Credit Risk (“SICR”) and Default require consideration of quantitative and qualitative criteria. This is a key area of judgement as this determines whether a 12-month or lifetime PD is used;• Where there is uncertainty in respect of the respective models’ ability to address specific trends or conditions due to inherent limitations of modelling based on past performance, the timing of model updates, and macroeconomic events, additional provisions are made via management overlays. Significant judgmental made in determining the management overlays;	<p>Our audit of the impairment of advances included, amongst others, the following audit procedures performed together with the assistance of our internal credit risk specialists:</p> <ul style="list-style-type: none">• Obtained an understanding of the Bank’s methodology for determining Expected Credit Losses (ECL), including enhancements in the year, and evaluated this against the requirements of IFRS 9, <i>Financial Instruments</i>;• Testing the design and implementation of critical controls on ECL-related processes, particularly the allocation of assets into stages and management overlays;• On a sample of contracts, we assessed the identification of loans and advances that had experienced a significant increase in credit risk or met the Bank’s default definition criteria for classification purposes. This was completed by reviewing documentation and credit performance to determine whether the staging of such facilities was in accordance with Bank’s policy and IFRS 9 standards;• Assessed the reasonableness of management overlays, taking into account industry and client-specific risk. We recalculated the management overlays and assessed their completeness in light of our understanding of the model and data limitations;• Testing the assumptions, inputs and formulae used in the ECL models with the support of our internal credit risk specialists (including assessing the appropriateness of model design and formulae used, considering alternative modelling techniques and recalculating the Probability of Default, Loss Given Default and Exposure at Default;• We corroborated the assumptions used for the determination of forward-looking information (FLI) in the models using publicly available information;



INDEPENDENT AUDITOR’S REPORT (CONTINUED)

Key audit matter	How our audit addressed the matter
<ul style="list-style-type: none">• Identification and measurement of economic scenarios to measure ECLs on a forward- looking basis reflecting a range of future economic conditions; and• Modelling for estimation of ECL parameters:<ul style="list-style-type: none">• Probabilities of Default (PDs)• Loss Given Default (LGD); and• Exposure at Default (EAD). <p>Because of the significance of these estimates, judgments and the size of loans and advances portfolio, the audit of loan impairment provisions is considered a key audit matter.</p>	<ul style="list-style-type: none">• Testing the data used in the ECL calculation by reconciling to source systems; and• Assessing the adequacy and appropriateness of disclosures for compliance with the accounting standards. <p>Based on the procedures described above, our audit evidence was consistent with the inputs in the ECL on loans and advances which were found to be within an acceptable range in the context of IFRS 9.</p>

Other Matter

The consolidated and separate financial statements of the Bank for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those statements on 31 March 2022.

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 consolidated and separate financial statements and our auditor’s report thereon), which we obtained prior to the date of this auditor’s report, and the Annual Report, which is expected to be made available to us after that date.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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 the Annual Report which will be made available to us after the date of this auditor’s report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

INDEPENDENT AUDITOR’S REPORT (CONTINUED)

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Group’s 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 Bank or to cease operations, or have no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 separate 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 separate 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 separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements (Continued)

- 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, actions taken to eliminate threats or safeguards applied.

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

Report on Other Legal Requirements

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

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

The engagement partner responsible for the audit resulting in this independent auditor's report is D.C. Nchimbi.

Deloitte & Touche

Certified Public Accountants (Tanzania)



Signed by: D.C. Nchimbi
NBAA Registration No. ACPA 1709

Dar es Salaam

31 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2022 TZS' Millions	2021 TZS' Millions
Interest income	7(a)	953,656	815,446
Interest expense	8(a)	(164,020)	(135,606)
Net interest income		789,636	679,840
Impairment charge – loans and advances	6.1.5.1(e)	(81,067)	(113,040)
Impairment charge– off-balance sheet exposures	6.1.5.1(e)	(113)	(89)
Total impairment charge		(81,180)	(113,129)
Net interest income after impairment		708,456	566,711
Fee and commission income	10	419,189	323,432
Fee and commission expense	10	(94,260)	(74,891)
Net fee and commission income		324,929	248,541
Trading income	21(b)	5,353	2,726
Foreign exchange income	9(a)	48,071	33,583
Other income	11(a)	23,779	20,988
Net operating income		1,110,588	872,549
Employee benefits expense	12	(266,296)	(243,679)
Other operating expenses	13(a)	(175,489)	(149,090)
Depreciation and amortization	14(a)	(53,638)	(61,755)
Total operating expenses		(495,423)	(454,524)
Profit before tax		615,165	418,025
Income tax expense	15(a)	(183,493)	(125,876)
Profit for the year		431,672	292,149
Attributable to			
Owners of the Bank		431,531	292,078
Non-controlling interests		141	71
Profit for the year		431,672	292,149
Other comprehensive income, net of tax			
<i>Items that may be subsequently be reclassified to profit or loss:</i>			
Fair value gain/(loss) on debt instruments at FVOCI – net of tax	35 (iv)	522	(228)
Total comprehensive income for the year		432,194	291,921
Attributable to			
Owners of the Bank		432,053	291,850
Non-controlling interests		141	71
Total comprehensive income for the year		432,194	291,921
Basic and diluted earnings per share (TZS)	16(a)	863	584

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

	Note	2022 TZS' Millions	2021 TZS' Millions
Interest income	7(b)	953,656	815,446
Interest expense	8(b)	(167,307)	(139,231)
Net interest income		786,349	676,215
Impairment charge – loans and advances	6.1.5.1(e)	(81,067)	(113,040)
Impairment charge – off-balance sheet exposures	6.1.5.1(e)	(113)	(89)
Total Impairment charge		(81,180)	(113,129)
Net interest income after impairment		705,169	563,086
Fee and commission income	10	419,189	323,432
Fee and commission expense	10	(94,260)	(74,891)
Net fee and commission income		324,929	248,541
Trading income	21(b)	5,353	2,726
Foreign exchange income	9(b)	48,071	33,583
Other income	11(b)	23,804	21,017
Total operating income		1,107,326	868,953
Employee benefits expense	12	(266,296)	(243,679)
Other operating expenses	13(b)	(174,910)	(148,920)
Depreciation and amortization	14(b)	(54,509)	(62,467)
Total operating expenses		(495,715)	(455,066)
Profit before tax		611,611	413,887
Income tax expense	15(b)	(182,235)	(123,701)
Profit for the year		429,376	290,186
Other comprehensive income, net of tax			
<i>Items that may be subsequently be reclassified to profit or loss:</i>			
Fair value gain on debt instruments at FVOCI – net of tax	35 (iv)	522	(228)
Total comprehensive income for the year		429,898	289,958
Basic and diluted earnings per share (TZS)	16(b)	858.75	580.37

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

	Note	2022 TZS' Millions	2021 TZS' Millions
Assets			
Cash and balances with Bank of Tanzania	18	1,551,341	1,484,029
Placements and balances with other banks	19	186,941	337,255
Loans and advances to customers	20(a)	6,014,603	4,653,933
Investment in government securities			
- At amortised cost	21(a)	1,915,254	1,683,950
- At FVOCI	21(b)	28,778	55,330
Equity investment at FVOCI	22(a)	2,920	2,920
Other assets	23(a)	200,868	115,995
Current tax assets	15(c)	3,882	20,678
Property and equipment	24(a)	175,137	192,890
Intangible assets	25	18,290	13,888
Right-of-use assets	26(a)	27,063	26,754
Deferred income tax assets	27(a)	109,475	93,799
Total assets		10,234,552	8,681,421
Liabilities			
Deposits due to other banks	29	12,445	408
Deposits from customers	28(a)	7,594,832	6,662,889
Other liabilities	30(a)	148,206	139,915
Lease liabilities	26(c)	30,586	27,261
Provisions	31	2,079	1,309
Borrowings	32	749,354	423,190
Current tax liabilities	15(c)	5,602	-
Subordinated debt	33	-	71,025
Deferred income tax liability	27(b)	1,418	858
Total liabilities		8,544,522	7,326,855
Capital and reserves			
Share capital	35 (i)	20,000	20,000
Retained earnings		1,664,821	1,330,019
Fair valuation reserve	35 (iv)	1,086	564
Capital and reserves attributable to owners of the parent		1,685,907	1,350,583
Non-controlling interest		4,123	3,983
Total equity		1,690,030	1,354,566
Total equity and liabilities		10,234,552	8,681,421

The financial statements on pages 237 to 369 were approved and authorised for issue by the Board of Directors and were signed on its behalf by:

Dr. Edwin P. Mhede
Chairman

30 March 2023

BANK'S STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

	Note	2022 TZS' Millions	2021 TZS' Millions
Assets			
Cash and balances with Bank of Tanzania	18	1,551,341	1,484,029
Placements and balances with other banks	19	186,941	337,255
Loans and advances to customers	20	6,014,603	4,653,933
Investment in government securities			
- At amortised cost	21(a)	1,915,254	1,683,950
- At FVOCI	21(b)	28,778	55,330
Equity investment at FVOCI	22(a)	2,920	2,920
Investment in subsidiary	22(b)	39,639	39,639
Other assets	23(b)	199,061	113,739
Current tax assets	15(d)	-	17,634
Property and equipment	24(b)	145,316	161,038
Intangible assets	25	18,290	13,888
Right-of-use assets	26(b)	65,072	65,177
Deferred tax assets	27(a)	109,475	93,799
Total assets		10,276,690	8,722,331
Liabilities			
Deposits due to other banks	29	12,445	408
Deposits from customers	28(b)	7,600,147	6,664,263
Other liabilities	30(b)	153,769	143,602
Lease liabilities	26(d)	68,733	67,142
Provisions	31	2,079	1,309
Borrowings	32	749,354	423,190
Subordinated debt	33	-	71,025
Current tax liabilities	15(d)	5,602	-
Total liabilities		8,592,129	7,370,939
Capital and reserves			
Share capital	35 (i)	20,000	20,000
Retained earnings		1,663,475	1,330,828
Fair valuation reserve	35 (iv)	1,086	564
Total equity		1,684,561	1,351,392
Total equity and liabilities		10,276,690	8,722,331

The financial statements on pages 237 to 369 were approved and authorised for issue by the Board of Directors and were signed on its behalf by:

Dr. Edwin P. Mhede
Chairman

30 March 2023

NMB BANK PLC
FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent					Non- controlling interest TZS' Millions	Total equity TZS' Millions
	Share capital TZS' Millions	Retained earnings TZS' Millions	Fair valuation reserve TZS' Millions	Total TZS' Millions			
At 1 January 2022	20,000	1,330,019	564	1,350,583	3,983	1,354,566	
Profit for the year	-	431,531	-	431,531	141	431,672	
Other comprehensive income (OCI)							
Gain of fair valuation	-	-	790	790	-	790	
Deferred tax on OCI	-	-	(268)	(268)	-	(268)	
Total comprehensive income	-	431,531	522	432,053	141	432,194	
Transactions with owners							
Dividends paid for the year 2021	-	(96,729)	-	(96,729)	-	(96,729)	
At 31 December 2022	20,000	1,664,821	1,086	1,685,907	4,124	1,690,031	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Attributable to owners of the parent					Non- controlling interest TZS' Millions	Total equity TZS' Millions
	Share capital TZS' Millions	Retained earnings TZS' Millions	Fair valuation reserve TZS' Millions	Total TZS' Millions			
At 1 January 2021	20,000	1,106,441	792	1,127,233	3,912	1,131,145	
Profit for the year	-	292,078	-	292,078	71	292,149	
Other comprehensive income (OCI)							
Gain of fair valuation	-	-	(326)	(326)	-	(326)	
Deferred tax on OCI	-	-	98	98	-	98	
Total comprehensive income	-	292,078	(228)	291,850	71	291,921	
Transactions with owners							
Dividends paid for the year 2020	-	(68,500)	-	(68,500)	-	(68,500)	
At 31 December 2021	20,000	1,330,019	564	1,350,583	3,983	1,354,566	

BANK'S STATEMENT OF CHANGES IN EQUITY

	Share capital TZS' Millions	Retained earnings TZS' Millions	Fair valuation reserve TZS' Millions	Total equity TZS' Millions
At 1 January 2022	20,000	1,330,828	564	1,351,392
Comprehensive income				
Profit for the year	-	429,376	-	429,376
<i>Other comprehensive income (OCI)</i>				
Gain of fair valuation	-	-	790	790
Deferred tax on OCI	-	-	(268)	(268)
Total comprehensive income	-	429,376	522	429,898
Transactions with owners				
Dividends paid for the year 2021	-	(96,729)	-	(96,729)
At 31 December 2022	20,000	1,663,475	1,086	1,684,561
At 1 January 2021	20,000	1,109,142	792	1,129,934
Comprehensive income				
Profit for the year	-	290,186	-	290,186
<i>Other comprehensive income (OCI)</i>				
Gain of fair valuation	-	-	(326)	(326)
Deferred tax on OCI	-	-	98	98
Total comprehensive income	-	290,186	(228)	289,958
Transactions with owners				
Dividends paid for the year 2020	-	(68,500)	-	(68,500)
At 31 December 2021	20,000	1,330,828	564	1,351,392

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2022 TZS' Millions	2021 TZS' Millions
Cash generated from operations	37(a)	26,026	901,681
Tax refund	15(c)	11,746	-
Tax paid	15(c)	(188,256)	(142,547)
Net cash generated (used in)/from operations		(150,484)	759,134
Cash flows from investing activities			
Proceeds from government securities	21(a)	652,896	591,380
Investment in government securities	21(a)	(721,384)	(871,111)
Investment in government securities at FVOCI	21(b)	(133,443)	(132,115)
Proceeds from government securities at FVOCI	21(b)	170,843	111,714
Purchase of property and equipment	24(a)	(20,690)	(11,286)
Purchase of intangible assets	25	(9,394)	(9,152)
Proceeds on disposal of property and equipment		592	12
Lease acquisition		(3,368)	-
Net cash used in investing activities		(63,948)	(320,558)
Cash flows from financing activities			
Proceeds received from borrowings	32	427,518	255,190
Principal repaid on borrowings	32	(174,141)	(85,398)
Interest paid on borrowings	32	(40,673)	(30,576)
Dividends paid	17	(96,729)	(68,500)
Repayment of lease liabilities	26(c)	(8,532)	(9,824)
Net cash generated financing activities		107,443	60,892
Net (decrease)/increase in cash and cash equivalents		(106,989)	499,468
Cash and cash equivalents at beginning of the year		1,406,497	907,029
Balances with mobile network operators		(21,966)	-
Cash and cash equivalents at end of the year	36	1,277,542	1,406,497
Analysis of cash and cash equivalents at end of the year:			
Cash in hand		474,888	484,254
Balances with Bank of Tanzania (excluding SMR)		615,713	563,022
Deposits and balances due from banking institutions		186,941	337,255
Balances with mobile network operators		-	21,966
		1,277,542	1,406,497

BANK'S STATEMENT OF CASH FLOWS

	Note	2022 TZS' Millions	2021 TZS' Millions
Cash generated from operations	37(b)	29,509	899,973
Tax refund	15(d)	11,746	-
Tax paid	15(d)	(186,721)	(140,839)
Net cash (used in)/generated from operations		(145,466)	759,134
Cash flows from investing activities			
Proceeds from government securities	21(a)	652,896	591,380
Investment in government securities	21(a)	(721,384)	(871,111)
Investment in government securities at FVOCI	21(b)	(133,443)	(132,115)
Proceeds from government securities at FVOCI	21(b)	170,843	111,714
Purchase of property and equipment	24(b)	(20,690)	(11,286)
Purchase of intangible assets	25	(9,394)	(9,152)
Proceeds on disposal of property and equipment	11(b)	590	12
Lease acquisition		(3,462)	-
Net cash used in investing activities		(64,044)	(320,558)
Cash flows from financing activities			
Proceeds from borrowings	32	427,518	255,190
Principal paid on borrowings	32	(174,141)	(85,398)
Interest paid on borrowings	32	(40,673)	(30,576)
Dividends paid	17	(96,729)	(68,500)
Repayment of lease liabilities	26(d)	(13,454)	(9,824)
Net cash generated from financing activities		102,521	60,892
Net (decrease)/increase in cash and cash equivalents		(106,989)	499,468
Cash and cash equivalents at the beginning of the year		1,406,497	907,029
Balances with mobile network operators		(21,966)	-
Cash and cash equivalents end of the year	36	1,277,542	1,406,497
Analysis of cash and cash equivalents at end of the year:			
Cash in hand		474,888	484,254
Balances with Bank of Tanzania (excluding SMR)		615,713	563,022
Deposits and balances due from banking institutions		186,941	337,255
Balances with mobile network operators		-	21,966
		1,277,542	1,406,497

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 interpretations issued by 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 and Bank’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 and amendments to published standards effective for the year ended 31 December 2022

The following were new and revised IFRSs that have been effective in the current year. The Group’s and Bank’s application of the new and revised standards did not have significant impact to these financial statements.

Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)	The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.
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2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

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

(i) New standards and amendments to published standards effective for the year ended 31 December 2022

Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)	The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.
Annual Improvements to IFRS Standards 2018–2020 (May 2020)	<p>Makes amendments to the following standards:</p> <ul style="list-style-type: none"> IFRS 1 – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to IFRSs. IFRS 9 – The amendment clarifies which fees an entity includes when it applies the ‘10 per cent’ test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf. IFRS 16 – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example. IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 (May 2020))	The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).
Reference to the Conceptual Framework (Amendments to IFRS 3 (May 2020))	The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

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

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

(i) New standards and amendments to published standards effective for the year ended 31 December 2022 (continued)

		Effective date
Amendments to IFRS 17	IFRS 17 Insurance contracts	1 January 2023
Amendments to IAS 1	Classification of liabilities as current or non-current	1 January 2023
Amendments to IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 8	Definition of accounting estimates	1 January 2023
Amendments to IFRS 17	Initial Application of IFRS 17 and IFRS 9 — Comparative Information	1 January 2023
Amendment to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendment to IFRS 10 and IAS 28	IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Not yet set but earlier application permitted

(ii) Impact of new and amended standards and interpretations in issue but not yet effective in the year ended 31 December 2022

IFRS 17 Insurance Contracts

IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2023.

IFRS 17 is effective for accounting periods beginning on or after 1 January 2023 and the Directors do not anticipate that its adoption will result into material impact on the financial statements.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

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

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

(ii) Impact of new and amended standards and interpretations in issue but not yet effective in the year ended 31 December 2022 (continued)

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an Company will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted and the Directors do not anticipate that its adoption will result into material impact on the financial statements.

Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)

Amends IFRS 4 Insurance Contracts provide two options for entities that issue insurance contracts within the scope of IFRS 4:

- an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach;
- an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach.

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

The amendments to IFRS 4 are effective for accounting periods beginning on or after 1 January 2023 and the Directors do not anticipate that its adoption will result into material impact on the financial

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

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

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

(ii) *Impact of new and amended standards and interpretations in issue but not yet effective in the year ended 31 December 2022 (continued)*

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) (continued)

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023 and are applied prospectively. Earlier application is permitted. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements. The Directors do not anticipate that its adoption will result into material impact on the financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

The amendments to IAS 12 are effective for accounting periods beginning on or after 1 January 2023 and the Directors do not anticipate that its adoption will result into material impact on the financial statements.

Definition of Accounting Estimates (Amendments to IAS 8)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

The amendments to IAS 8 are effective for accounting periods beginning on or after 1 January 2023 and the Directors do not anticipate that its adoption will result into material impact on the financial statements.

Amendments to IFRS 17

Amends IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 Insurance Contracts was published in 2017. The main changes are:

- Deferral of the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023
- Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk
- Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognised in a business acquired in a business combination

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

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

(ii) *Impact of new and amended standards and interpretations in issue but not yet effective in the year ended 31 December 2022 (continued)*

Amendments to IFRS 17 (continued)

- Clarification of the application of IFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level
- Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements
- Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives
- Amendments to require an entity that at initial recognition recognises losses on onerous insurance contracts issued to also recognise a gain on reinsurance contracts held
- Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts
- Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach

Amendments to IFRS 17 is effective for accounting periods beginning on or after 1 January 2023 and the Directors do not anticipate that its adoption will result into material impact on the financial statements.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

Amendments to IFRS 16 is effective for accounting periods beginning on or after 1 January 2024 and the Directors do not anticipate that its adoption will result into material impact on the financial statements.

IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture.

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

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

(ii) *Impact of new and amended standards and interpretations in issue but not yet effective in the year ended 31 December 2022 (continued)*

IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (continued)

Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments is yet to be set by the IASB; however, earlier application of the amendments is permitted. The Directors do not anticipate that its adoption will result into material impact on the financial statements.

(iii) *Early adoption of standards*

The Company did not early-adopt any new or revised standards in 2022.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Bank's Executive Committee, which is the chief operating decision maker. Information about segment operations is provided under note 5.

(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 2022.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

III. Disposal of subsidiaries

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

IV. Separate financial statements

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

(c) Interest income and expense

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 interest rate 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).

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 on other services such as ATMs, MNO, Agency banking and bancassurance are recognized at an amount which reflects the consideration which the Bank expects to be entitled in exchange of providing the services. All fees and commissions are generally recognized on accrual basis when the service has been provided. The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. 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 of 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 and Bank's functional currency.

ii. Transactions and balances

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

(f) Financial assets and financial liabilities

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets and financial liabilities (continued)

Initial recognition and measurement (continued)

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:

- 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 in other comprehensive income.
- 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

The Group classifies its financial assets in the following measurement categories:

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

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:

- The Group's business model for managing the asset; and
- 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:

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets and financial liabilities (continued)

Financial assets (continued)

(i) Classification and subsequent measurement (continued)

Debt instruments (continued)

- **Amortised cost:** Assets that are held for collection of 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 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, 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 subsequently 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 are classified as part of 'other' business model and measured at FVPL. Factors considered by the Group in determining the business model for 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets and financial liabilities (continued)

Financial assets (continued)

(i) Classification and subsequent measurement (continued)

Debt instruments (continued)

- 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 of 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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets and financial liabilities (continued)

Financial assets (continued)

(ii) 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 and 6.1.5.

(iii) 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.

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 assesses 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets and financial liabilities (continued)

Financial assets (continued)

(iii) Modifications of Loans (continued)

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.

(iv) 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 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.

(v) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets and financial liabilities (continued)

Financial assets (continued)

(v) Derecognition other than on a modification (continued)

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:

- i) Has no obligation to make payments unless it collects equivalent amounts from the assets;
- ii) Is prohibited from selling or pledging the assets; and
- iii) 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:

- 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 in 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
- Financial guarantee contracts and loan commitments.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets and financial liabilities (continued)

Financial liabilities (continued)

(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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets and financial liabilities (continued)

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.

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.

(g) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; the difference between the proceeds (net of transaction costs) and the redemption value is recognised in 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. The valuation gain and losses on the borrowings are recognized as part of foreign exchange income in the statement of profit and loss.

(h) Current and deferred income taxes

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 and its subsidiary operate and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with the Income Tax Act, 2004 interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Current and deferred income taxes (continued)

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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Non-financial assets (continued)

i. Property and equipment (continued)

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
Brand New Motor vehicles	20
Used Motor vehicles	33.3
Furniture, fittings and equipment	20
Computer equipment	33.3

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the assets fair value less costs to sell and value in use. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in other operating income in the profit or loss.

ii. Right-of-use assets

The Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are initially measured at amount of lease liability and subsequently adjusted with accumulated amortization and impairment losses, and any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The right-of-use assets are subject to impairment in line with the Bank's policy as described in Note 3(k).

iii. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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. 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 2022 (2021: Nil).

(l) Cash and cash equivalents

Cash and cash equivalents include 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 exclude the cash reserve requirement held with the Bank of Tanzania. Cash and cash equivalents are carried at amortised cost.

(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 gratuity payments to employees on contract employment basis is 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 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Employee benefits (continued)

iii. Post-employment obligations (continued)

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.

(p) Earnings per share

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

(q) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. The policy on recognition and measurement of right-of-use assets is presented on note 3(j(ii)).

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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 behaviour (e.g. the likelihood of customers defaulting and the resulting losses). The Group uses several 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) Business model assessment

The business model reflects how the Group manages the financial 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 assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

c) Business model assessment (continued)

Factors considered by the Group in determining the 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. Securities held for trading are held principally for the purpose 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.

d) Assessment of whether contractual cash flows are Solely Payments of Principal and Interest (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 of principal 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 exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

e) Taxes

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

The recognition of deferred tax asset relies on an assessment of the probability and sufficiency of future taxable profit, future reversals of existing taxable temporary differences and ongoing tax planning and strategies. The 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.

f) Provisions

The Bank and Group have provided for the liabilities arising out of contractual obligations. 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 because of 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.

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

g) 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 1 basis point, the fair values would be estimated at TZS 22,799 million (2021: TZS 55,292 million) as compared to their reported fair value of TZS 28,778 million as at 31 December 2022 (2021: TZS 55,330 million). If the yield rate had decreased by 1 basis points the fair value would be estimated at TZS 22,799 million (2021: TZS 55,367 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 (2021: TZS 292 million).

h) Leases - Estimating the incremental borrowing rate

The Group uses Incremental Borrowing Rate (IBR) on all its Leases except for one Lease for which the Group had enough information to determine the rate implicit in the lease. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group and Bank estimates the IBR using observable inputs (such as market interest rates) when available. If the discount rate used would have increased by 10%, the lease liability of the Group and Bank would have decreased by TZS 1,703 million (2021: TZS 1,977million). If the discount rate used would have decreased by 10%, the lease liability would have decreased by TZS 1,867 million (2021: TZS 2,251 million).

5. SEGMENT REPORTING

The Group has the following business segments: Treasury, Retail, 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 Executive Committee (The Chief Operating Decision-Maker), which is responsible for allocating resources to the reportable segments and assessing their performances. All operating segments used by the Group meet the definition of a reportable segment under IFRS 8.

Operating segments

The Group comprises the following main operating segments:

- (i) **Wholesale Banking** - includes loans & advances to customers, customers deposits and borrowings from abroad that are used to finance lending to corporate customers in Wholesale banking.
- (ii) **Retail Banking** - includes loans & advances to customers, customers deposits, public borrowings like Sustainable bond ,TMRC borrowings and borrowings from abroad used to facilitate lending in Retail banking.
- (iii) **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. The segment includes cash and balances with Bank of Tanzania, placements and balances with other banks, investments in equity, government and debt securities and public bonds likes of Skuk Bond and Shareholders fund.
- (iv) **UJVC** – includes operations of Upanga Joint Venture Company, a subsidiary of the Bank.

Assets and liabilities that don't fall under these categories are classified as unallocated balances.

Revenue and assets reported to the Bank's Executive Committee 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 have also been allocated to the business using an internally 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.

5. SEGMENT REPORTING (CONTINUED)

The segment information provided to the Group's Executive Committee for the reportable segments for the year ended 31 December 2022 is as follows; (all amounts in TZS million):

GROUP	Treasury	Wholesale banking	Retail banking	UJVC	(Elimination)/ consolidation	Total
2022						
Interest income	177,780	70,707	705,169	-	-	953,656
Interest expense	(7,735)	(62,128)	(97,444)	-	3,287	(164,020)
Net Interest Income	170,045	8,579	607,725	-	3,287	789,636
Loan impairment charges	-	(24,308)	(56,872)	-	-	(81,180)
Net fees and commission, trading, foreign exchange and other income	53,425	63,765	284,967	4,921	(4,946)	402,132
Employee benefits expense	(23,966)	(50,596)	(191,734)	-	-	(266,296)
General and administrative expenses	(15,741)	(33,232)	(125,937)	(603)	24	(175,489)
Depreciation and amortization	(4,905)	(10,356)	(39,248)	(2,032)	2,903	(53,638)
Profit /(loss) before tax	178,858	(46,148)	478,901	2,286	1,268	615,165
Income tax expense	(53,292)	13,750	(142,693)	(1,258)	-	(183,493)
Profit after tax	125,566	(32,398)	336,208	1,028	1,268	431,672
Segment assets, liabilities and equity						
Segment assets	3,719,911	1,078,768	5,194,447	40,741	(86,760)	9,947,107
Unallocated assets	-	-	-	-	-	287,445
Total assets	3,719,911	1,078,768	5,194,447	40,741	(86,760)	10,234,552
Segment liabilities	11,815	3,096,885	5,122,789	2,179	(42,473)	8,191,195
Unallocated liabilities	-	-	-	-	-	353,327
Equity	1,690,030	-	-	38,563	(38,563)	1,690,030
Total liabilities and equity	1,701,845	3,096,885	5,122,789	40,742	(81,036)	10,234,552

5. SEGMENT REPORTING (CONTINUED)

The segment information provided to the Group's Executive Committee for the reportable segments for the year ended 31 December 2021 is as follows; (all amounts in TZS million):

GROUP (continued)

	Treasury	Wholesale banking	Retail banking	UJVC	(Elimination)/ consolidation	Total
2021						
Interest income	135,611	64,732	615,103	-	-	815,446
Interest expense	(10,522)	(49,157)	(79,552)	-	3,625	(135,606)
Net Interest Income	125,089	15,575	535,551	-	3,625	679,840
Loan impairment charges	-	(60,989)	(52,140)	-	-	(113,129)
Net fees and commission, trading, foreign exchange and other income	36,309	49,500	220,058	4,921	(4,950)	305,838
Employee benefits expense	(21,931)	(46,299)	(175,449)	-	-	(243,679)
General and administrative expenses	(13,403)	(28,295)	(107,222)	(198)	28	(149,090)
Depreciation and amortization	(5,622)	(11,869)	(44,976)	(2,031)	2,743	(61,755)
Profit /(loss) before tax	120,442	(82,377)	375,822	2,692	1,446	418,025
Income tax expense	(35,998)	24,599	(112,302)	(2,175)	-	(125,876)
Profit after tax	84,444	(57,778)	263,520	517	1,446	292,149
Segment assets, liabilities and equity						
Segment assets	3,541,913	645,931	4,008,014	39,120	(80,030)	8,154,948
Unallocated assets	-	-	-	-	-	526,473
Total assets	3,541,913	645,931	4,008,014	39,120	(80,030)	8,681,421
Segment liabilities	68,190	2,298,892	4,767,511	1,562	(41,285)	7,094,870
Unallocated liabilities	-	-	-	-	-	231,985
Equity	1,354,566	-	-	37,553	(37,553)	1,354,566
Total liabilities and equity	1,422,756	2,298,892	4,767,511	39,115	(78,838)	8,681,421

5. SEGMENT REPORTING (CONTINUED)

The segment information provided to the Bank's Executive Committee for the reportable segments for the year ended 31 December 2022 is as follows; (all amounts in TZS million):

BANK

	Treasury	Wholesale banking	Retail banking	Total
2022				
Interest income	177,780	70,707	705,169	953,656
Interest expense	(7,735)	(62,128)	(97,444)	(167,307)
Net Interest Income	170,045	8,579	607,725	786,349
Loan impairment charges	-	(24,308)	(56,872)	(81,180)
Net fees and commission, trading, foreign exchange and other income	53,425	63,765	284,967	402,157
Employee benefits expense	(23,966)	(50,596)	(191,734)	(266,296)
General and administrative expenses	(15,741)	(33,231)	(125,938)	(174,910)
Depreciation and amortization	(4,905)	(10,356)	(39,248)	(54,509)
Profit /(loss) before tax	178,858	(46,147)	478,900	611,611
Income tax provision	(53,292)	13,750	(142,693)	(182,235)
Profit after tax	125,566	(32,397)	336,207	429,376
Segment assets, liabilities and equity				
Segment assets	3,719,911	1,078,768	5,194,447	9,993,126
Unallocated assets	-	-	-	283,564
Total assets	3,719,911	1,078,768	5,194,447	10,276,690
Segment liabilities	11,815	3,096,885	5,122,789	8,231,489
Unallocated liabilities	-	-	-	360,640
Equity	1,684,561	-	-	1,684,561
Total liabilities and equity	1,696,376	3,096,885	5,122,789	10,276,690

5. SEGMENT REPORTING (CONTINUED)

The segment information provided to the Bank's Executive Committee for the reportable segments for the year ended 31 December 2021 is as follows; (all amounts in TZS million).

BANK (continued)

	Treasury	Wholesale banking	Retail banking	Total
2021				
Interest income	135,612	64,732	615,102	815,446
Interest expense	(10,522)	(49,157)	(79,552)	(139,231)
Net Interest Income	125,090	15,575	535,550	676,215
Loan impairment charges	-	(60,989)	(52,140)	(113,129)
Net fees and commission, trading, foreign exchange and other income	36,309	49,500	220,058	305,867
Employee benefits expense	(21,931)	(46,299)	(175,449)	(243,679)
General and administrative expenses	(13,403)	(28,295)	(107,222)	(148,920)
Depreciation and amortization	(5,622)	(11,869)	(44,976)	(62,467)
Profit /(loss) before tax	120,442	(82,377)	375,822	413,887
Income tax provision	(35,998)	24,599	(112,302)	(123,701)
Profit after tax	84,444	(57,778)	263,520	290,186
Segment assets, liabilities and equity				
Segment assets	3,541,913	645,931	4,008,002	8,195,846
Unallocated assets	-	-	-	526,485
Total assets	3,541,913	645,931	4,008,002	8,722,331
Segment liabilities	68,190	2,298,892	4,767,511	7,134,593
Unallocated liabilities	-	-	-	236,346
Equity	-	-	-	1,351,392
Total liabilities and equity	68,190	2,298,892	4,767,511	8,722,331

6. FINANCIAL RISK MANAGEMENT

The Bank's subsidiary does not have significant operations (Note 22 (b)). The financial assets and liabilities of the Bank's subsidiary 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 Executive Committee 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 approach is similar to the one used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9. The loan book is split into term loans and overdrafts (secured & unsecured) and off-balance sheet items (these include letters of credit and guarantees, etc).

The Bank considers term loans and advances to be in default if the repayment of the loan instalment (principal and accrued interest) is more than 90 days past due for all product types. A revolving facility is in default if the facility is drawn above the 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.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.1 Credit risk measurement (continued)

Loans and advances (continued)

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	IFRS Staging
Current	0 - 30	Stage 1
Especially mentioned	31 - 90	Stage 2
Sub-standard	91 -180	Stage 3
Doubtful	181 - 360	Stage 3
Loss	361 and more	Stage 3

For internal monitoring of balances with other banks, banks are rated into three categories based on their financial position. Additionally, qualitative characteristics are 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	Above 3	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 2022, are all low risk.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.1 Credit risk measurement (continued)

Loans and advances (continued)

The loans and advances to customers portfolio analysed for regulatory purposes is shown below:

	As at 31 December 2022					As at 31 December 2021				
Amounts in TZS' Millions	Secured	Unsecured	Agri business	Overdraft	Total	Secured	Unsecured	Agri business	Overdraft	Total
Current	1,095,587	4,059,865	470,028	229,762	5,855,242	786,133	3,225,084	278,185	236,058	4,525,460
Especially mentioned	123,142	10,555	50,200	8,444	192,341	110,651	11,701	9,619	11,940	143,911
Sub-standard	9,457	10,508	17,958	736	38,659	39,718	7,972	19,015	9,928	76,633
Doubtful	12,315	10,661	14,498	4,671	42,145	16,101	10,901	13,109	4,735	44,846
Loss	44,886	22,145	26,095	21,163	114,289	35,784	16,731	13,165	7,389	73,069
Gross carrying amount	1,285,387	4,113,734	578,779	264,776	6,242,676	988,387	3,272,389	333,093	270,050	4,863,919
Loss allowance	(124,370)	(37,248)	(43,260)	(23,195)	(228,073)	(123,392)	(34,274)	(39,908)	(12,412)	(209,986)
Carrying amount	1,161,017	4,076,486	535,519	241,581	6,014,603	864,995	3,238,115	293,185	257,638	4,653,933

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;
- Chattle Mortgages
- Charges over business assets such as inventory and accounts receivable;
- Guarantees from government and financial institutions; and
- Charges over financial instruments such as debt securities and equities.

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.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.2 Risk limit control and mitigation policies (continued)

(b) Collateral (continued)

Apart from other category, the Bank has been closely monitoring collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Bank 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
At 31 December 2022				
Secured	66,658	28,039	35,936	63,146
Unsecured	43,314	24,602	18,712	-
Overdraft	26,570	12,932	13,639	22,452
Agribusiness	58,551	36,075	22,823	27,872
Total	195,093	101,648	91,110	113,470
At 31 December 2021				
Secured	91,603	36,088	55,514	205,661
Unsecured	35,604	20,577	15,027	-
Overdraft	22,052	5,815	16,238	125,546
Agribusiness	45,289	19,703	25,586	56,737
Total	194,548	82,183	112,365	387,944

(c) Credit-related commitments

The main purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit hold the same credit risk as loans. Documentary and commercial letters of credit - which are written undertakings by the Bank on behalf of a customer authorizing a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions - are collateralized 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.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.2 Risk limit control and mitigation policies (continued)

(c) Credit-related commitments (continued)

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 Bank.
- 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 Bank determines when a significant increase in credit risk has occurred.
- 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 Bank 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 Bank 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.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.3 Expected credit loss measurement (continued)

Grouping of instruments for losses measured on a collective basis (continued)

The characteristics and any supplementary data used to determine groupings are outlined below:

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

The following exposures are assessed individually:

- Stage 3 loans, secured loans and overdraft facilities
- Properties in repossession proceedings

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

The Bank groups its exposures based on product type and has specified the following default product segments under the 'product type' criteria where each product is identified by a specific product code.

Secured term loans - This group comprises all term loan products secured by collateral i.e. legal mortgage, guarantee or cash cover. Products in this group consist of Corporate, MSE, Special Asset Loan, Invoice Financing loans, Personal loans with cash cover, SME, Staff mortgage and Car loans.

Unsecured term loans - This comprises all unsecured facilities. Products in this group consist of Staff loans, Salaries Workers' Loans and salary advance.

Agribusiness loans - This group comprises all term loans and overdraft facility advances to customers engaged in agriculture operations. It comprises customers classified as SME and Corporates.

Overdrafts - This group comprises all overdraft advances to customers issued to SME and Corporate customers other than those included in Agribusiness.

Off balance sheet items - This group comprises all financial guarantees, letter of credit and unutilized loan commitments.

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 Bank 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 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.

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

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

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 Tanzanian Government securities.

Loans and advances to customers

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

- the borrower is in long-term forbearance;
- the borrower is deceased;
- the borrower is insolvent;
- the borrower is in breach of financial covenant(s);

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)

Qualitative

- 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 incurred credit losses.

The criteria above have been applied to all financial instruments held by the Bank 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 Bank'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 made 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.

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. 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.
- EAD is based on the amounts the Bank 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 Bank 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.
- The Bank estimates the Loss Given Default for unsecured term loans based on recoveries on loans that defaulted and were written off and collections from loans that defaulted but were not written off. On secured term loans and overdraft facilities the Bank considers collateral value discounted using an effective interest rate. An average LGD obtained from NPL collections and recoveries of secured segment applied for few credit facilities under secured segment with no collaterals attachment following the agreed special arrangement on securities.
- The probability of default for off-balance sheets items has been estimated at 0.05% based on Basel due to limitation of historical default data and loss given default estimated using collateral value discounted using an effective interest rate.

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 PDs and the calculation of ECL incorporate forward-looking information. The Bank has performed historical analysis and identified the key macro-economic variables affecting credit risk and expected credit losses for each portfolio. These macro-economic variables and their associated impact on the PD vary between secured and unsecured loans and off-balance sheet exposure. Expert judgment has also been applied in this process. Forecasts of these macro-economic variables (the “base scenario”) are provided by the Bank economists on an annual basis and provide the best estimate view of the economy over the next five 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 reflect either a long run average rate (e.g. unemployment) or long run average growth rate (e.g. GDP, private credit growth) 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 economists 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. The Bank concluded that three scenarios appropriately captured non-linearity.

The scenario weightings are determined by a combination of statistical analysis and expert economic judgement, taking account of the range of possible outcomes each chosen scenario is representative of. 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 analyzed 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.

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 review of economic variables has been done on regular basis whereby Gross National Expenditure (GNE) and Credit Growth in Private Sector were applied in 2022.

The most significant period-end assumptions used for the ECL estimate as at 31 December 2022 are set out below.

Credit growth in private sector	2022	2023	2024	2025	2026
Base	4.5%	5.2%	9.6%	6.0%	3.0%
Upside	5.2%	7.2%	12.0%	8.0%	4.5%
Downside	3.0%	4.5%	7.2%	5.20%	1.7%
Credit growth in private sector	2021	2022	2023	2024	2025
Base	4.5%	4.5%	5.2%	9.6%	6.0%
Upside	6.0%	5.2%	7.2%	12.0%	8.0%
Downside	3.0%	3.0%	4.5%	7.2%	5.2%

During the year the Bank model incorporated the new assumption of the Gross National Expenditure (GNE) as shown in the following table.

GNE as percentage of GDP	2022	2023	2024	2025	2026
Base	62%	59%	62%	59%	57%
Upside	64%	64%	67%	66%	58%
Downside	59%	57%	59%	58%	55%
GNE as percentage of GDP	2021	2022	2023	2024	2025
Base	59%	62%	59%	62%	59%
Upside	62%	64%	64%	67%	66%
Downside	58%	59%	57%	59%	58%

For the years 2021 and 2022, the weightings assigned to each economic scenario was 80%, 10% and 10% for “base”, “upside” and “downside” respectively.

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

Sensitivity Analysis	2022		2021	
Amounts in TZS Millions	Higher end	Lower end	Higher end	Lower end
Secured term loans	2,253	(2,223)	883	(554)
Unsecured term loans	1,730	(1,579)	1,140	(865)
Overdraft facilities	3,021	(3,021)	787	(650)
Agribusiness	849	(822)	865	(1,306)
Total expected credit loss	7,853	(7,645)	3,675	(3,375)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.4 Credit risk exposure

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

The following tables 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 Bank's maximum exposure to credit risk on these assets

Model Segment	Stage 1		Stage 2		Stage 3		Grand Total	
	Gross Carrying Amount	ECL Amount	Gross Carrying Amount	ECL Amount	Gross Carrying Amount	ECL Amount	Gross Carrying Amount	ECL Amount
2022								
Agribusiness	470,028	4,354	50,200	2,831	58,551	36,075	578,779	43,260
Overdraft	229,762	4,294	8,444	5,969	26,570	12,932	264,776	23,195
Secured	1,095,587	6,862	123,142	89,469	66,658	28,039	1,285,387	124,370
Unsecured	4,059,865	12,399	10,555	247	43,314	24,602	4,113,734	37,248
Total	5,855,242	27,909	192,341	98,516	195,093	101,648	6,242,676	228,073
2021								
Agribusiness	278,185	17,194	9,619	3,011	45,289	19,703	333,093	39,908
Overdraft	236,058	6,549	11,940	48	22,052	5,815	270,050	12,412
Secured	786,133	6,145	110,651	81,159	91,603	36,088	988,387	123,392
Unsecured	3,225,084	13,537	11,701	160	35,604	20,577	3,272,389	34,274
Total	4,525,460	43,425	143,911	84,378	194,548	82,183	4,863,919	209,986

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)

(a) Secured term loans

Amounts in TZS' Millions	ECL Staging			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
As at 31 December 2022				
Current	1,095,587	-	-	1,095,587
Especially mentioned	-	123,142	-	123,142
Sub-standard	-	-	9,457	9,457
Doubtful	-	-	12,315	12,315
Loss	-	-	44,886	44,886
Gross carrying amount	1,095,587	123,142	66,658	1,285,387
Loss allowance	(6,862)	(89,469)	(28,039)	(124,370)
Carrying amount	1,088,725	33,673	38,619	1,161,017
As at 31 December 2021				
Current	786,133	-	-	786,133
Especially mentioned	-	110,651	-	110,651
Sub-standard	-	-	39,718	39,718
Doubtful	-	-	16,101	16,101
Loss	-	-	35,784	35,784
Gross carrying amount	786,133	110,651	91,603	988,387
Loss allowance	(6,145)	(81,159)	(36,088)	(123,392)
Carrying amount	779,988	29,492	55,515	864,995

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)

(b) Unsecured term loans		ECL Staging		
Amounts in TZS' Millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 30 December 2022				
Current	4,059,865	-	-	4,059,865
Especially mentioned	-	10,555	-	10,555
Sub-standard	-	-	10,508	10,508
Doubtful	-	-	10,661	10,661
Loss	-	-	22,145	22,145
Gross carrying amount	4,059,865	10,555	43,314	4,113,734
Loss allowance	(12,399)	(247)	(24,602)	(37,248)
Carrying amount	4,047,466	10,308	18,712	4,076,486
As at 31 December 2021				
Current	3,225,084	-	-	3,225,084
Especially mentioned	-	11,701	-	11,701
Sub-standard	-	-	7,972	7,972
Doubtful	-	-	10,901	10,901
Loss	-	-	16,731	16,731
Gross carrying amount	3,225,084	11,701	35,604	3,272,389
Loss allowance	(13,537)	(160)	(20,577)	(34,274)
Carrying amount	3,211,547	11,541	15,027	3,238,115

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		ECL Staging		
Amounts in TZS' Millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 30 December 2022				
Current	470,028	-	-	470,028
Especially mentioned	-	50,200	-	50,200
Sub-standard	-	-	17,958	17,958
Doubtful	-	-	14,498	14,498
Loss	-	-	26,095	26,095
Gross carrying amount	470,028	50,200	58,551	578,779
Loss allowance	(4,354)	(2,831)	(36,065)	(43,250)
Carrying amount	465,674	47,369	22,486	535,529
As at 31 December 2021				
Current	278,185	-	-	278,185
Especially mentioned	-	9,619	-	9,619
Sub-standard	-	-	19,015	19,015
Doubtful	-	-	13,109	13,109
Loss	-	-	13,165	13,165
Gross carrying amount	278,185	9,619	45,289	333,093
Loss allowance	(17,194)	(3,011)	(19,703)	(39,908)
Net carrying amount	260,991	6,608	25,586	293,185

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)

(d) Overdraft	ECL Staging			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 30 December 2022				
Current	229,762	-	-	229,762
Especially mentioned	-	8,444	-	8,444
Sub-standard	-	-	736	736
Doubtful	-	-	4,671	4,671
Loss	-	-	21,163	21,163
Gross carrying amount	229,762	8,444	26,570	264,776
Loss allowance	(4,294)	(5,969)	(12,932)	(23,195)
Carrying amount	225,468	2,475	13,638	241,581
As at 31 December 2021				
Current	236,058	-	-	236,058
Especially mentioned	-	11,940	-	11,940
Sub-standard	-	-	9,928	9,928
Doubtful	-	-	4,735	4,735
Loss	-	-	7,389	7,389
Gross carrying amount	236,058	11,940	22,052	270,050
Loss allowance	(6,549)	(48)	(5,815)	(12,412)
Carrying amount	229,509	11,892	16,237	257,638

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)

(e) Off balance sheet exposures	ECL Staging	
	2022 TZS' Millions	2021 TZS' Millions
Guarantees and Indemnities	558,225	229,577
Undrawn Commitments	242,993	246,563
Acceptances and letters of credit	1,151,212	757,621
Gross carrying amount	1,952,430	1,233,761
Loss allowance	(275)	(163)
Net carrying amount	1,952,155	1,233,598

Provision for loss allowance relating to off-balance sheet exposures is disclosed under other liabilities.

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;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis. This change is incorporated within maintenance stage and other adjustments category.
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements, This change is incorporated within maintenance stage and other adjustments category; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

All changes implemented in model assumptions particularly on forward looking information, incorporation of collaterals in estimation of Loss Given Default (LGD) and changes in model assumptions in estimation of Loss Given Default (LGD) has reasonably impacted the loss allowance as of 31 December 2022.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5: Loss allowance (continued)

6.1.5.1 Changes in loss allowance

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

Total Loans and advances	Stage 1	Stage 2	Stage 3	
Amounts in TZS' Millions	12-month ECL	Lifetime ECL	Lifetime ECL	Total
As at 1 January 2022	43,425	84,378	82,183	209,986
Segment Reallocation	(4)	-	(85)	(89)
Movements				
Transfer from stage 1 to stage 2	(91)	91	-	-
Transfer from stage 1 to stage 3	(4,037)	-	4,037	-
Transfer from stage 2 to stage 1	508	(508)	-	-
Transfer from stage 2 to stage 3	-	213	(213)	-
Transfer from stage 3 to stage 1	1,133	-	(1,133)	-
Transfer from stage 3 to stage 2	-	2,855	(2,855)	-
Maintained Stage and other movements	13,199	14,654	66,749	94,602
New Financial assets originated or purchased	8,208	759	11,039	20,006
Financial assets that have been de-recognized	(34,398)	(1,086)	(32,878)	(68,362)
Net profit or loss charge during the period	(15,478)	16,978	44,746	46,246
Other movements with no P or L impact				
Write-offs	(34)	(2,840)	(25,196)	(28,070)
Other movements with no P or L impact	(34)	(2,840)	(25,196)	(28,070)
As at 31 December 2022	27,909	98,516	101,648	228,073
As at 1 January 2021	30,169	61,384	113,256	204,809
Movements				
Transfer from stage 1 to stage 2	(267)	267	-	-
Transfer from stage 1 to stage 3	(836)	-	836	-
Transfer from stage 2 to stage 1	372	(372)	-	-
Transfers from stage 3 to stage 1	229	-	(229)	-
Transfers from stage 3 to stage 2	-	4,341	(4,341)	-
Transfers from stage 2 to stage 3	-	(17)	17	-
New Financial assets originated or purchased	4,092	21,061	2,496	27,649
Maintained Stage and other movements	16,392	2,567	27,593	46,552
Financial assets that have been de-recognized	(7,175)	(614)	(8,967)	(16,756)
Net profit or loss charge during the period	13,309	23,014	21,122	57,445
Other movements with no P or L impact				
Write-offs	(53)	(20)	(52,195)	(52,268)
As at 31 December 2021	43,425	84,378	82,183	209,986

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5: Loss allowance (continued)

6.1.5.1 Changes in loss allowance (continued)

(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 2022	6,145	81,159	36,088	123,392
Segment Reallocation	-	-	-	-
Movements				
Transfer from stage 1 to stage 2	(4)	4	-	-
Transfer from stage 1 to stage 3	(2,769)	-	2,769	-
Transfer from stage 2 to stage 1	29	(29)	-	-
Transfer from stage 2 to stage 3	-	-	-	-
Transfer from stage 3 to stage 1	76	-	(76)	-
Transfer from stage 3 to stage 2	-	31	(31)	-
Maintained Stage and other movements	9,472	9,097	18,956	37,525
New Financial assets originated or purchased	56	1	44	101
Financial assets that have been de-recognized	(6,142)	(786)	(17,130)	(24,058)
Net profit or loss charge during the period	718	8,318	4,532	13,568
Other movements with no P or L impact				
Write-offs	(1)	(8)	(12,581)	(12,590)
Other movements with no P or L impact	(1)	(8)	(12,581)	(12,590)
As at 31 December 2022	6,862	89,469	28,039	124,370
As at 1 January 2021	4,868	60,094	36,772	101,734
	11	-	2,388	2,399
Movements				
Transfer from stage 1 to stage 2	(41)	41	-	-
Transfer from stage 1 to stage 3	(133)	-	133	-
Transfer from stage 2 to stage 1	10	(10)	-	-
Transfers from stage 3 to stage 1	43	-	(43)	-
Transfers from stage 3 to stage 2	-	317	(317)	-
Transfers from stage 2 to stage 3	-	(14)	14	-
New Financial assets originated or purchased	2,078	21,127	2,576	25,781
Maintained Stage and other movements	1,953	19	15,037	19,165
Financial assets that have been de-recognized	(2,765)	(81)	(2,567)	(5,413)
Net profit or loss charge during the period	1,266	21,065	15,046	37,377
Other movements with no P or L impact				
Write-offs	-	-	(18,118)	(18,118)
As at 31 December 2021	6,145	81,159	36,088	123,392

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5: Loss allowance (continued)

6.1.5.1 Changes in 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 2022	13,537	160	20,577	34,274
Segment Reallocation	-	-	-	-
Movements				
Transfer from stage 1 to stage 2	(45)	45	-	-
Transfer from stage 1 to stage 3	(853)	-	853	-
Transfer from stage 2 to stage 1	38	(38)	-	-
Transfer from stage 2 to stage 3	-	213	(213)	-
Transfer from stage 3 to stage 1	71	-	(71)	-
Transfer from stage 3 to stage 2	-	67	(67)	-
Maintained Stage and other movements	5,053	(733)	10,050	14,370
New Financial assets originated or purchased	8,142	758	10,983	19,883
Financial assets that have been de-recognized	(13,525)	(145)	(9,829)	(23,499)
Net profit or loss charge during the period	(1,119)	167	11,706	10,754
Other movements with no P or L impact				
Write-offs	(18)	(81)	(7,681)	(7,780)
Other movements with no P or L impact	(18)	(81)	(7,681)	(7,780)
As at 31 December 2022	12,400	246	24,602	37,248
As at 1 January 2021	16,294	236	18,853	35,383
Segment Reallocation	6	-	(2)	4
Movements				
Transfer from stage 1 to stage 2	(43)	43	-	-
Transfer from stage 1 to stage 3	(108)	-	108	-
Transfer from stage 2 to stage 1	9	(9)	-	-
Transfers from stage 3 to stage 1	(74)	-	74	-
Transfers from stage 3 to stage 2	-	1,171	(1,171)	-
Transfers from stage 2 to stage 3	-	(249)	249	-
New Financial assets originated or purchased	2,926	234	2,380	5,540
Maintained Stage and other movements	1,488	(18)	8,416	9,886
Financial assets that have been de-recognized	(7,174)	(272)	(1,755)	(9,201)
Net profit or loss charge during the period	(2,760)	(56)	9,041	6,225
Other movements with no P or L impact				
Write-offs	(3)	(20)	(7,315)	(7,338)
As at 31 December 2021	13,537	160	20,577	34,274

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5: Loss allowance (continued)

6.1.5.1 Changes in loss allowance (continued)

(c) Agribusiness loans	Stage 1	Stage 2	Stage 3	
Amounts in TZS' Millions	12-month ECL	Lifetime ECL	Lifetime ECL	Total
As at 1 January 2022	17,194	3,011	19,703	39,908
Segment Reallocation	(3)	-	-	(3)
Movements				
Transfer from stage 1 to stage 2	(35)	35	-	-
Transfer from stage 1 to stage 3	(399)	-	399	-
Transfer from stage 2 to stage 1	412	(412)	-	-
Transfer from stage 2 to stage 3	-	-	-	-
Transfer from stage 3 to stage 1	775	-	(775)	-
Transfer from stage 3 to stage 2	-	2,748	(2,748)	-
Maintained Stage and other movements	(4,596)	296	24,531	20,231
New Financial assets originated or purchased	9	0	12	21
Financial assets that have been de-recognized	(8,990)	(103)	(3,180)	(12,273)
Net profit or loss charge during the period	(12,824)	2,564	18,239	7,979
Other movements with no P or L impact				
Write-offs	(13)	(2,744)	(1,867)	(4,624)
Other movements with no P or L impact	(13)	(2,744)	(1,867)	(4,624)
As at 31 December 2022	4,354	2,831	36,075	43,260
As at 1 January 2021	4,777	983	40,478	46,238
Segment Reallocation	216	-	(2,310)	(2,094)
Movements				
Transfer from stage 1 to stage 2	(88)	88	-	-
Transfer from stage 1 to stage 3	(266)	-	266	-
Transfers from stage 3 to stage 1	257	-	(257)	-
Transfers from stage 2 to stage 3	-	(98)	98	-
Transfer from stage 3 to stage 1	849	-	(849)	-
Transfer from stage 3 to stage 2	-	-	-	-
New Financial assets originated or purchased	6,268	1,052	1,643	8,963
Maintained Stage and other movements	8,620	2,571	3,604	14,795
Financial assets that have been de-recognized	(2,637)	(1,595)	(8,352)	(12,584)
Net profit or loss charge during the period	12,251	2,028	(3,105)	11,174
Other movements with no P or L impact				
Write-offs	(50)	-	(15,360)	(15,410)
As at 31 December 2021	17,194	3,011	19,703	39,908

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5: Loss allowance (continued)

6.1.5.1 Changes in loss allowance (continued)

(d) Overdraft

Amounts in TZS' Millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2022	6,549	48	5,815	12,412
Segment Reallocation	(2)	-	(85)	(87)
Movements				
Transfer from stage 1 to stage 2	(7)	7	-	-
Transfer from stage 1 to stage 3	(15)	-	15	-
Transfer from stage 2 to stage 1	30	(30)	-	-
Transfer from stage 2 to stage 3	-	-	-	-
Transfer from stage 3 to stage 1	211	-	(211)	-
Transfer from stage 3 to stage 2	-	9	(9)	-
Maintained Stage and other movements	3,270	5,994	13,212	22,476
New Financial assets originated or purchased	-	-	1	1
Financial assets that have been de-recognized	(5,740)	(53)	(2,738)	(8,531)
Net profit or loss charge during the period	(2,251)	5,927	10,270	13,946
Other movements with no P or L impact				
Write-offs	(2)	(7)	(3,068)	(3,077)
Other movements with no P or L impact	(2)	(7)	(3,068)	(3,077)
As at 31 December 2022	4,294	5,968	12,932	23,194
As at 1 January 2021	4,230	71	17,153	21,454
Segment Reallocation	(233)	-	(76)	(309)
Movements				
Transfer from stage 1 to stage 2	(95)	95	-	-
Transfer from stage 1 to stage 3	(329)	-	329	-
Transfer from stage 3 to stage 1	12	-	(12)	-
Transfer from stage 3 to stage 2	-	(596)	596	-
Transfer from stage 3 to stage 1	2,004	-	(2,004)	-
Transfer from stage 3 to stage 2	-	-	-	-
Maintained Stage and other movements	539	(25)	1,441	1,955
New Financial assets originated or purchased	2,464	6	278	2,748
Financial assets that have been de-recognized	(451)	(4)	(1,579)	(2,034)
Net profit or loss charge during the period	2,552	(23)	140	2,669
Other movements with no P or L impact				
Write-offs	-	-	(11,402)	(11,402)
Net profit or loss charge during the period	-	-	(11,402)	(11,402)
As at 31 December 2021	6,549	48	5,815	12,412

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5: Loss allowance (continued)

6.1.5.1 Changes in loss allowance (continued)

(e) Off-balance sheet items

	2022 TZS' Millions	2021 TZS' Millions
As at 1 January	163	74
Movements		
New financial guarantees	140	136
Matured financial guarantees	(27)	(47)
Net profit or loss charge during the period	113	89
As at 31 December	276	163
Allowance charged to profit or loss during the year		
Secured loans	6.1.5 (a) 13,568	37,377
Unsecured loans	6.1.5 (b) 10,754	6,225
Agribusiness loans	6.1.5 (c) 7,979	11,174
Overdraft facilities	6.1.5 (d) 13,947	2,669
Loss on derecognition of assets	34,819	55,595
Total on-balance sheet charge	81,067	113,040
Off-balance sheet exposures	6.1.5 (e) 113	89
As at 31 December	81,180	113,129

6.1.5.2 Changes in gross carrying amount

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

- The growth of new Salaried Workers Loans and other consumers' loans originated during the period, aligned with the Bank's organic growth objective, increase the gross carrying amount of the unsecured book by 21% (2021: 16%) while secured book significantly increased by 45% (2021: decreased by 6%), with a corresponding TZS 4.1 billion decrease in loss allowance for unsecured book (2021: TZS 1.1 billion), and a decrease of TZS 37.2 billion (2021: decrease of TZS 6.8 billion) for secured book.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5: Loss allowance (continued)

6.1.5.2 Changes in gross carrying amount (continued)

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.6.

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Total Loans and advances				
Amounts in TZS' Millions				
As at 1 January 2022	4,525,460	143,911	194,548	4,863,919
Segment Reallocation	(226)	-	(708)	(934)
Movements				
Transfer from stage 1 to stage 2	(3,941)	3,941	-	-
Transfer from stage 1 to stage 3	(5,334)	-	5,334	-
Transfer from stage 2 to stage 1	51,646	(51,646)	-	-
Transfer from stage 2 to stage 3	-	(455)	455	-
Transfer from stage 3 to stage 1	71,498	-	(71,498)	-
Transfer from stage 3 to stage 2	-	10,111	(10,111)	-
Maintained Stage and other movements	3,217,679	96,439	209,717	3,523,835
New Financial assets originated or purchased	2,307,996	28,378	31,618	2,367,992
Financial assets that have been de-recognized	(4,305,177)	(37,437)	(101,598)	(4,444,212)
Write-offs	(4,359)	(902)	(62,663)	(67,924)
As at 31 December 2022	5,855,242	192,340	195,094	6,242,676
As at 1 January 2021	3,918,022	164,862	231,287	4,314,171
Movements				
Transfer from stage 1 to stage 2	(21,437)	21,437	-	-
Transfer from stage 2 to stage 1	86,883	(86,883)	-	-
Transfer from stage 1 to stage 3	(25,466)	-	25,466	-
Transfer from stage 3 to stage 1	9,845	-	(9,845)	-
Transfer from Stage 3 to Stage 2	-	7,673	(7,673)	-
Transfer from Stage 2 to Stage 3	-	(965)	965	-
Maintained Stage and other movements	(110,517)	43,311	49,033	(18,173)
New Financial assets originated or purchased	1,521,000	14,115	37,019	1,572,134
Financial assets that have been de-recognised	(845,840)	(18,808)	(31,702)	(896,350)
Write-offs	(7,030)	(831)	(100,002)	(107,863)
As at 31 December 2021	4,525,460	143,911	194,548	4,863,919

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5: Loss allowance (continued)

6.1.5.2 Changes in gross carrying amount (continued)

(i) Secured term loans	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Amounts in TZS' Millions				
As at 1 January 2022	786,133	110,651	91,603	988,387
Segment Reallocation	-	-	-	-
Movements				
Transfer from stage 1 to stage 2	(340)	340	-	-
Transfer from stage 1 to stage 3	(3,512)	-	3,512	-
Transfer from stage 2 to stage 1	6,076	(6,076)	-	-
Transfer from stage 2 to stage 3	-	-	-	-
Transfer from stage 3 to stage 1	13,849	-	(13,849)	-
Transfer from stage 3 to stage 2	-	2,928	(2,928)	-
Maintained Stage and other movements	1,032,382	38,290	79,795	1,150,467
New Financial assets originated or purchased	36,022	301	127	36,450
Financial assets that have been de-recognised	(774,440)	(23,248)	(60,955)	(858,643)
Write offs	(48)	(11)	(33,153)	(33,212)
As at 31 December 2022	1,096,122	123,175	64,152	1,283,449
As at 1 January 2021	719,139	112,008	92,110	923,257
Segment Reallocation	1,337	-	5,137	6,474
Movements				
Transfer from stage 1 to stage 2	(5,905)	5,905	-	-
Transfer from stage 2 to stage 1	22,944	(22,944)	-	-
Transfer from stage 1 to stage 3	(5,473)	-	5,473	-
Transfer from stage 3 to stage 1	3,822	-	(3,822)	-
Transfer from Stage 3 to Stage 2	-	1,351	(1,351)	-
Transfer from Stage 2 to Stage 3	-	(734)	734	-
Maintained Stage and other movements	(83,173)	14,410	20,064	(48,699)
New Financial assets originated or purchased	633,988	7,519	24,341	665,848
Financial assets that have been de-recognised	(499,455)	(6,785)	(10,079)	(516,319)
Write offs	(1,091)	(79)	(41,004)	(42,174)
As at 31 December 2021	786,133	110,651	91,603	988,387

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5: Loss allowance (continued)

6.1.5.2 Changes in gross carrying amount (continued)

(ii) Unsecured term loans	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Amounts in TZS' Millions				
As at 1 January 2022	3,225,084	11,701	35,604	3,272,389
Segment Reallocation	-	-	-	-
Movements				
Transfer from stage 1 to stage 2	(2,856)	2,856	-	-
Transfer from stage 1 to stage 3	(1,785)	-	1,785	-
Transfer from stage 2 to stage 1	8,348	(8,348)	-	-
Transfer from stage 2 to stage 3	-	(455)	455	-
Transfer from stage 3 to stage 1	16,848	-	(16,848)	-
Transfer from stage 3 to stage 2	-	3,440	(3,440)	-
Maintained Stage and other movements	3,098,116	7,772	59,312	3,165,200
New Financial assets originated or purchased	938,252	2,268	4,745	945,265
Financial assets that have been de-recognised	(3,221,369)	(8,509)	(19,956)	(3,249,834)
Write-offs	(773)	(170)	(18,344)	(19,287)
As at 31 December 2022	4,059,865	10,555	43,313	4,113,73
As at 1 January 2021	2,770,599	8,948	36,429	2,815,976
Segment Reallocation	14,793	-	(3)	14,790
Movements				
Transfer from stage 1 to stage 2	(7,430)	7,430	-	-
Transfer from stage 1 to stage 3	(17,315)	-	17,315	-
Transfer from stage 3 to stage 1	3,329	-	(3,329)	-
Transfer from stage 2 to stage 1	2,731	(2,731)	-	-
Transfers from stage 3 to stage 2	-	2,353	(2,353)	-
Transfers from stage 2 to stage 3	-	(496)	496	-
Maintained Stage and other movements	17,238	(3,243)	3,392	17,387
New Financial assets originated or purchased	665,467	1,936	1,122	668,525
Financial assets that have been de-recognised	(219,028)	(1,751)	(3,520)	(224,299)
Write-offs	(5,300)	(745)	(13,945)	(19,990)
As at 31 December 2021	3,225,084	11,701	35,604	3,272,389

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5: Loss allowance (continued)

6.1.5.2 Changes in gross carrying amount (continued)

(iii) Agribusiness loans	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Amounts in TZS' Millions				
As at 1 January 2022	278,185	9,619	45,289	333,093
Segment Reallocation	(180)	-	-	(180)
Movements				
Transfer from stage 1 to stage 2	(150)	150	-	-
Transfer from stage 1 to stage 3	(3)	-	3	-
Transfer from stage 2 to stage 1	36,230	(36,230)	-	-
Transfer from stage 2 to stage 3	-	-	-	-
Transfer from stage 3 to stage 1	33,926	-	(33,926)	-
Transfer from stage 3 to stage 2	-	3,227	(3,227)	-
Maintained Stage and other movements	234,435	77,886	65,380	377,701
New Financial assets originated or purchased	5,845	34	34	5,913
Financial assets that have been de-recognised	(118,201)	(4,463)	(3,833)	(126,497)
Write-offs	(60)	(22)	(11,169)	(11,251)
As at 31 December 2022	470,027	50,201	58,551	578,779
As at 1 January 2021	144,936	35,268	66,209	246,413
Segment Reallocation	25,122	-	(4,603)	20,519
Movements				
Transfer from stage 1 to stage 2	(2,872)	2,872	-	-
Transfer from stage 1 to stage 3	(19,670)	-	19,670	-
Transfer from stage 3 to stage 1	20,937	-	(20,937)	-
Transfer from stage 2 to stage 3	-	(1,232)	1,232	-
Transfer from stage 3 to stage 1	521	-	(521)	-
Transfer from stage 3 to stage 2	-	-	-	-
Maintained Stage and other movements	39,726	(21,469)	8,028	26,285
New Financial assets originated or purchased	163,029	4,296	10,265	177,590
Financial assets that have been de-recognised	(92,905)	(10,116)	(13,759)	(116,780)
Write-offs	(639)	-	(20,295)	(20,934)
As at 31 December 2021	278,185	9,619	45,289	333,093

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5: Loss allowance (continued)

6.1.5.2 Changes in gross carrying amount (continued)

(iv) Overdraft	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Amounts in TZS' Millions				
As at 1 January 2022	236,058	11,940	22,052	270,050
Segment Reallocation	(46)	-	(708)	(754)
Movements				
Transfer from stage 1 to stage 2	(595)	595	-	-
Transfer from stage 1 to stage 3	(34)	-	34	-
Transfer from stage 2 to stage 1	992	(992)	-	-
Transfer from stage 2 to stage 3	-	-	-	-
Transfer from stage 3 to stage 1	6,874	-	(6,874)	-
Transfer from stage 3 to stage 2	-	517	(517)	-
Maintained Stage and other movements	177,554	(2,405)	34,533	209,682
New Financial assets originated or purchased	126	5	1	132
Financial assets that have been de-recognised	(191,167)	(1,217)	(16,854)	(209,238)
Write-offs	-	-	(5,096)	(5,096)
As at 31 December 2022	229,762	8,443	26,571	264,776
As at 1 January 2021	283,348	8,638	36,539	328,525
Segment Reallocation	(41,252)	-	(531)	(41,783)
Movements				
Transfer from stage 1 to stage 2	(5,230)	5,230	-	-
Transfer from stage 1 to stage 3	(26,954)	-	26,954	-
Transfer from stage 2 to stage 1	505	(505)	-	-
Transfer from stage 2 to stage 3	-	(1,632)	1,632	-
Transfer from stage 3 to stage 1	3,448	-	(3,448)	-
Transfer from stage 3 to stage 2	-	-	-	-
Maintained Stage and other movements	(1,871)	8	(11,283)	(13,146)
New Financial assets originated or purchased	58,516	364	1,291	60,171
Financial assets that have been de-recognised	(34,452)	(156)	(4,344)	(38,952)
Write-offs	-	(7)	(24,758)	(24,765)
As at 31 December 2021	236,058	11,940	22,052	270,050

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.6 Write-off policy

The Bank writes off financial assets that have been past due for more than 720 days. The Bank may write-off some financial assets in whole or in part before the 720 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 2022 was TZS 70 billion (2021: TZS 107.8 billion). The Bank has been working to recover the write-off amount.

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:

The net modification gain 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 majority of cases, this gross gain had been anticipated and already materially reflected within the ECL allowance.

Loans and advance to customers	2022 TZS' Millions	2021 TZS' Millions
Gross amount before modification	57,431	106,189
Net modification gain	1,692	839

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 2022 (2021: Nil). The expected credit loss is expected to be insignificant. As at 31 December 2022, the Bank held treasury bond with face value of TZS 87 billion as collateral in respect of these balances (2021: Nil).

6.1.9 Debt securities, treasury bills and other eligible bills

The Bank holds 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 2022 (2021: Nil).

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.10 Balances with Bank of Tanzania and other assets

Other assets are categorized as Stage 1 and Stage 3, balances with Bank of Tanzania are categorized as Stage 1. 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 COVID 19 – Impact

COVID-19 pandemic is still impacting some of our borrowing customers though with improvement. The Bank has proactively and prudently implemented various strategies including;

- Early identification and remedial actions for the stressed customers to assist them to continue performing and avoid significant additional impairment i.e. loan restructuring for genuine cases. The Bank has so far restructured credit lines with total exposure of around TZS 60.7 billion due to COVID-19 mainly being payment holidays ranging from 3 to 6 months;
- Extending credit lines to lowly impacted sectors, enhance close monitoring for partially impacted sectors and reduce lending for highly impacted sectors. Most impacted businesses are Garments, Cosmetics, Hotel/Lodges, Tourism, Electronics, Hardware & Building Material, Spare parts and Textiles; and
- Execution of normal recovery strategies for difficult cases. This portfolio is being reviewed and immediate actions are taken where necessary.

Overall assessment of significant increase in credit risk (SICR) for customers impacted by COVID-19 outbreak has been done on a case-by-case basis whereby reclassification or remedial action has been considering quantitative and qualitative criteria. There was no change in ECL model assumptions.

In line with Bank of Tanzania relief package, all credit lines restructured due to COVID-19 impact have remained in the same classifications as were before restructuring and the accounts are upgraded to better bucket after paying two instalments on time consecutively.

Close monitoring is being done for all restructured loans to ensure these accounts are turned to performing bucket; Most restructured loans are performing well (79%).

6.1.13 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 2022. For this table, the Bank has allocated exposures to regions based on the country of domicile of its counterparties.

NMB BANK PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2022 - NOTES (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

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

(a) Geographical sector (continued)

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

	Tanzania TZS Millions	Europe TZS Millions	America TZS Millions	Others TZS Millions	Total TZS Millions
As at 31 December 2022					
Balances with the Bank of Tanzania	622,350	-	-	-	622,350
Placement and balances with other banks	139,492	46,056	-	1,393	186,941
Investment in Government securities	-	-	-	-	-
-Amortised cost	1,915,254	-	-	-	1,915,254
-Fair value through Other Comprehensive Income	28,778	-	-	-	28,778
Loans and advances to customers	6,242,676	-	-	-	6,242,676
Other assets (excluding non-financial assets)	171,467	-	-	-	171,467
As at 31 December 2022	9,120,017	46,056	-	1,393	9,167,466
Credit risk exposures relating to off-balance sheet assets are as follows:					
Guarantees and indemnities (Note 39(a))	558,225	-	-	-	558,225
Undrawn commitments (Note 39(a))	242,993	-	-	-	242,993
Acceptances and letters of credit (Note 39(a))	1,151,212	-	-	-	1,151,212
As at 31 December 2022	1,952,430	-	-	-	1,952,430

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

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

(a) Geographical sector (continued)

Credit risk exposures relating to on-balance sheet assets are as follows:		Tanzania TZS Millions	Europe TZS Millions	America TZS Millions	Others TZS Millions	Total TZS Millions
As at 31 December 2021						
Balances with the Bank of Tanzania		999,775	-	-	-	999,775
Placement and balances with other banks		162,185	-	96,277	78,793	337,255
Investment in Government securities						
-Amortised cost		1,683,950	-	-	-	1,683,950
-Fair value through Other Comprehensive Income		55,330	-	-	-	55,330
Loans and advances to customers		4,863,919	-	-	-	4,863,919
Other assets (excluding non-financial assets)		96,482	-	-	-	96,482
As at 31 December 2021		7,861,641	-	96,277	78,793	8,036,711
Credit risk exposures relating to off-balance sheet assets are as follows:						
Guarantees and indemnities (Note 39(a))		229,577	-	-	-	229,577
Undrawn commitments (Note 39(a))		246,563	-	-	-	246,563
Acceptances and letters of credit (Note 39(a))		757,621	-	-	-	757,621
As at 31 December 2021		1,233,761	-	-	-	1,233,761

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.13 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 2022	Financial institutions	Manu- facturing	Trading and commercial	Transport and communication	Wholesale and retail	Agri- culture	Indivi- duals	Others	Total
Balances with the Bank of Tanzania	1,076,453	-	-	-	-	-	-	-	1,076,453
Placement and balances with other banks	186,941	-	-	-	-	-	-	-	186,941
Investment in Government securities									
- Amortised cost	1,915,254								1,915,254
- Fair value through Other comprehensive income	28,778								28,778
Loans and advances to customers	-	264,208	812,496	123,976	347,812	520,514	3,732,399	441,271	6,242,676
Other assets (excluding non-financial assets)	-	-	-	-	-	-	-	171,467	171,467
As at 31 December 2022	3,207,426	264,208	812,496	123,976	347,812	520,514	3,732,399	612,738	9,621,569

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

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

(b) Industry sectors (continued)

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

31 December 2022	Financial institutions	Manu- facturing	Trading and commercial	Transport and comm- unication	Wholesale and retail	Agri- culture	Indivi- duals	Others	Total
Guarantees and indemnities - (Note 39(a))	400	46,604	146,854	38,614	321,664	3,835	9	245	558,225
Undrawn commitments (Note 39(a))	-	41,442	103,511	593	34,879	61,564	4	1,000	242,993
Acceptances & letters of credit (Note 39(a))	145,766	119,732	34,498	61,823	771,337	13,752	-	4,304	1,151,212
As at 31 December 2022	146,166	207,778	284,863	101,030	1,127,880	79,151	13	5,549	1,952,430

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

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

(b) Industry sectors (continued)

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 2021	Financial institutions	Manu- facturing	Trading and commercial	Transport and communication	Wholesale and retail	Agri- culture	Indivi- duals	Others	Total
Balances with the Bank of Tanzania	999,775	-	-	-	-	-	-	-	999,775
Placement and balances with other banks	337,255	-	-	-	-	-	-	-	337,255
Investment in Government securities									
- Amortised cost	1,683,950	-	-	-	-	-	-	-	1,683,950
- Fair value through Other comprehensive income	55,330	-	-	-	-	-	-	-	55,330
Loans and advances to customers	-	205,960	471,004	124,621	322,483	333,092	3,283,247	123,512	4,863,919
Other assets (excluding non-financial assets)	-	-	-	-	-	-	-	96,482	96,482
As at 31 December 2021	3,076,310	205,960	471,004	124,621	322,483	333,092	3,283,247	219,994	8,036,711

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

Guarantees and indemnities - (Note 39(a))	1,203	577	196,599	18,864	11,585	126	-	623	229,577
Undrawn commitments (Note 39(a))	-	60,022	134,561	145	-	40,668	-	11,167	246,563
Acceptances & letters of credit (Note 39(a))	536	8,421	148,852	10,639	433,521	35,275	-	120,377	757,621
As at 31 December 2021	1,739	69,020	480,012	29,648	445,106	76,069	-	132,167	1,233,761



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 2022 and 31 December 2021. Included in the table are the Bank's financial instruments at carrying amounts, categorised by currency.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (continued)

6.2.1 Foreign exchange risk (continued)

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

As at 31 December 2022	USD Millions	EURO Millions	GBP Millions	Others Millions	Total Millions
Assets					
Cash and balances with Bank of Tanzania	334,297	3,066	744	1,260	339,367
Placement and balances with other banks	40,718	12,920	2,162	1,828	57,628
Loans and advances to customers	558,636	-	5	-	558,641
Other assets (excluding non-financial assets)	2,425	-	-	(3)	2,422
Total financial assets	936,076	15,986	2,911	3,085	958,058
Liabilities					
Deposits from customers	669,057	32,512	2,698	-	704,267
Long term borrowing	437,474	-	-	-	437,474
Lease liabilities	3,558	-	-	-	3,558
Other liabilities (excluding non-financial other liabilities)	5,330	-	-	-	5,330
Total financial liabilities	1,115,419	32,512	2,698	-	1,150,629
Net on-balance sheet financial position	(179,343)	(16,526)	213	3,085	(192,571)
Off balance sheet position					
Guarantee and indemnities	345,566	6,303	-	-	351,869
Undrawn commitments	116,536	-	-	-	116,536
Acceptance and letters of credit	1,034,525	62,662	-	-	1,097,187
	1,496,627	68,965	-	-	1,565,592

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (continued)

6.2.1 Foreign exchange risk (continued)

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

As at 31 December 2021	USD Millions	EURO Millions	GBP Millions	Others Millions	Total Millions
Assets					
Cash and balances with Bank of Tanzania	363,379	3,920	437	1,316	369,052
Placement and balances with other banks	270,980	26,451	4,691	788	302,910
Loans and advances to customers	248,642	-	6	-	248,648
Other assets (excluding non-financial assets)	2,772	26	-	-	2,798
Total financial assets	885,773	30,397	5,134	2,104	923,408
Liabilities					
Deposits from customers	567,233	16,256	2,000	-	585,489
Long term borrowing	150,020	-	-	-	150,020
Lease liabilities	4,505	-	-	-	4,505
Other liabilities (excluding non-financial other liabilities)	2,882	-	-	-	2,882
Total financial liabilities	724,640	16,256	2,000	-	742,896
Net on-balance sheet financial position	161,133	14,141	3,134	2,104	180,512
Off balance sheet position					
Guarantee and indemnities	117,459	-	-	-	117,459
Undrawn commitments	110,711	-	-	-	110,711
Acceptance and letters of credit	691,328	28,727	-	20,461	740,516
	919,498	28,727	-	20,461	968,686

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (continued)

6.2.1 Foreign exchange risk (continued)

Foreign exchange sensitivity analysis

The impact of fluctuation of Bank's pre-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, borrowings, lease liabilities, other assets and other liabilities is analyzed in the table below:

Loans and advance to customers	% change in exchange rate	2022 TZS' Millions	2021 TZS' Millions
USD	10%	179,342	161,133
EURO	17%	16,527	14,141
GBP	93%	214	3,134

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

6.2.2 Interest rate risk

The principal risk to which non-trading portfolio are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments 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 rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits on profit or loss impact, upon parallel change of 200bps that will be sustained for a period of 12 months.

The Board Audit and Risk Management Committee is the monitoring body for compliance with these limits, and has delegated to the Bank's Asset and Liability Committee (ALCO) for regular reviews and monitoring activities. The table on the next page summarizes the Bank's Interest gap position and non-trading portfolio. The Bank does not bear an interest rate risk on off balance sheet items. The Bank's assets and liabilities are disclosed at carrying amount and categorised by the earlier of contractual repricing or maturity dates.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (continued)

6.2.2 Interest rate risk (continued)

As at 31 December 2022	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	-	-	-	-	-	1,551,341	1,551,341
Investment in Government securities							
- Amortised cost	103,730	99,973	360,469	513,777	837,305	-	1,915,254
- Fair value through other comprehensive income	28,778	-	-	-	-	-	28,778
Placement and balances with other banks	133,722	-	53,219	-	-	-	186,941
Loans and advances to customers	762,085	362,228	4,498,352	378,576	9,997	3,365	6,014,603
Equity Investments	-	-	-	-	-	42,558	42,558
Other assets (excluding non-financial assets)	-	-	-	-	-	236,930	236,930
Total financial assets	1,028,315	462,201	4,912,040	892,353	847,302	1,834,194	9,976,405
Liabilities							
Deposits from customers	1,628,992	1,425,638	1,367,066	37,355	78,886	3,062,210	7,600,147
Deposit from banks	12,445	-	-	-	-	-	12,445
Borrowing	-	5,952	289,487	394,840	59,075	-	749,354
Lease liabilities	-	-	-	-	-	-	-
Subordinated Debt	-	-	-	-	-	-	-
Other liabilities (excluding non-financial other liabilities)	-	-	-	-	-	115,450	115,450
Total financial liabilities	1,641,437	1,431,590	1,656,553	432,195	137,961	3,177,660	8,477,396
Total interest gap	(613,122)	(969,389)	3,255,487	460,158	709,341		

— NMB ANNUAL REPORT 2022 | 316

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (continued)

6.2.2 Interest rate risk (continued)

As at 31 December 2021	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	-	-	-	-	-	1,484,029	1,484,029
Investment in Government securities							
- Amortised cost	54,345	55,868	388,024	526,340	659,373	-	1,683,950
- Fair value through other comprehensive income	-	-	-	11,281	44,049	-	55,330
Placement and balances with other banks	183,776	-	-	-	-	153,479	337,255
Loans and advances to customers	363,336	41,126	650,688	2,602,088	996,695	-	4,653,933
Equity Investments	-	-	-	-	-	2,920	2,920
Other assets (excluding non-financial assets)	-	-	-	-	-	96,482	96,482
Total financial assets	601,457	96,994	1,038,712	3,139,709	1,700,117	1,736,910	8,313,899
Liabilities							
Deposits from customers	316,517	469,575	1,028,523	743,939	14,931	4,090,778	6,664,263
Deposit from banks	-	-	-	-	-	408	408
Borrowing	4,930	16,436	358,885	42,939	-	-	423,190
Lease liabilities	1,088	102	1,280	20,566	43,221	-	66,257
Subordinated Debt	2,835	-	-	68,190	-	-	71,025
Other liabilities (excluding non-financial other liabilities)	-	-	-	-	-	46,147	46,147
Total financial liabilities	325,370	486,113	1,388,688	875,634	58,152	4,137,333	7,271,290
Total interest gap	276,087	(389,119)	(349,976)	2,264,075	1,641,965		

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (continued)

6.2.2 Interest rate risk (continued)

Interest rate risk sensitivity

An analysis of Bank's Sensitivity to a 1% increase/decrease in market rates, assuming no asymmetrical movement in yield curves, and a constant financial position would have the following effect on profit or loss. (Amounts in TZS million).

Sensitivity Period	Weighted Average	Net Interest-Bearing Funding	Net Position	Impact
Less than 30 days	2,128	212,782	(210,655)	2,107
1 Year	127,143	3,492,269	(3,365,126)	33,651

6.2.3 Price risk

The Group and Bank are exposed to equity securities price risk because of investment in Tanzania Mortgage Refinance Company (TMRC) shares and investments in government securities that are measured at fair value through other comprehensive income (FVOCI). The Group diversifies its portfolio in order to manage price risk arising from investments in equity and debt securities.

Price sensitivity

To the extent that the directors increased the yield rate by 1 basis point, the fair values would be estimated at TZS 22,799 million (2021: TZS 55,292 million) as compared to their reported fair value of TZS 28,412 million at 31 December 2022 (2021: TZS 55,330 million). If the yield rate had decreased by 1 basis point the fair value would be estimated at TZS 22,799 million (2021: TZS 55,367 million).

In determining the fair value of unquoted equity investment in TMRC, the Bank used a price of recently 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 (2021: TZS 292 million).

6.2.4 Interest rate benchmark reform

The Group was exposed to the USD LIBOR benchmark rate after interest rate benchmark reform. The exposures arised on non-derivative financial assets and liabilities.

During the year the group implemented a full transition from following USD LIBOR Interest rate as benchmark to Chicago Merchantile Exchange (CME) Term Secured Overnight Forward Rate (SOFR). However, as at 31 December, 2022 the Group had outstanding contracts amounting to USD 60 million (equivalent to TZS 142 billion) priced at USD LIBOR.

Furthermore, these outstanding contracts will mature by 30 June 2023 hence no changes will be applied to these contracts.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.3 Liquidity risk

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

6.3.1 Liquidity risk management process

The Bank's liquidity risk 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 daily obligations can be met. This includes 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 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.

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

6.3.2 Funding approach

Sources of liquidity are regularly reviewed by the 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 on the next page are the undiscounted cash flows.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.3 Liquidity risk (continued)

6.3.3 Non-derivative cash flows (continued)

As at 31 December 2022	Up to 1 month TZS millions	1 - 3 months TZS millions	3 - 12 months TZS millions	Over 1 year TZS millions	Total TZS millions
Liabilities					
Deposits from customers	2,728,243	2,387,661	2,289,563	194,680	7,600,147
Deposits from banks	12,445	-	-	-	12,445
Long term borrowing*	-	5,952	289,487	453,915	749,354
Lease liabilities	-	-	20	3,513	3,533
Other liabilities (excluding non-financial liabilities)	48	36	109,991	1,840	111,915
Other liabilities (excluding non-financial liabilities)	2,740,736	2,393,649	2,689,061	653,948	8,477,394
Assets held for managing liquidity	1,290,985	137,039	413,688	1,811,822	3,653,535

As at 31 December 2021					
Liabilities					
Deposits from customers	1,142,465	1,067,735	2,271,951	2,284,097	6,766,248
Deposits from banks	408	-	-	-	408
Long term borrowing*	2,905	16,939	381,558	50,101	451,503
Subordinated debt*	-	4,835	4,835	85,111	94,781
Lease liabilities	-	2,135	6,445	84,745	93,325
Other liabilities (excluding non-financial liabilities)	46,147	-	-	-	46,147
Total financial liabilities	1,191,925	1,091,644	2,664,789	2,504,054	7,452,412
Assets held for managing liquidity	1,438,876	55,868	388,024	1,241,043	3,123,811

*Includes interest payable on the loan up to its maturity date as per repayment schedule.

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 and balances 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 39) are summarised in the table below.

(b) Financial guarantees and other financial facilities

Financial guarantees (Note 39) are also included below based on the earliest contractual maturity date.

As at 31 December 2022	No later than 1 year TZS' Millions	1 - 5 years TZS' Millions	Total TZS' Millions
Guarantee and indemnities	498,593	59,632	558,225
Undrawn commitments	242,993	-	242,993
Acceptance and letter of credit	1,150,525	687	1,151,212
Total	1,892,111	60,319	1,952,430

As at 31 December 2021			
Guarantee and indemnities	210,884	18,693	229,577
Undrawn commitments	246,563	-	246,563
Acceptance and letter of credit	746,037	11,584	757,621
Total	1,203,484	30,277	1,233,761

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
	2022 TZS Millions	2021 TZS Millions				
Investment in government securities	28,778	55,330	Level 2	Market observable inputs	N/A	N/A
Equity instruments	2,920	2,920	Level 2	Market observable inputs	Latest transaction offer the equity instrument by TMRC	N/A

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.5 Fair value of financial assets and liabilities (continued)

6.5.1 Fair value estimation (continued)

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

The fair value of cash and cash equivalents, loans and advances, customer deposits and borrowed funds are evaluated by the Bank based on parameters such as interest rates, specific and individual creditworthiness of the customer. The valuation is performed on a discounted cashflow basis.

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 include treasury bonds and treasury bills .The fair value of government securities held at amortized cost are estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities, as traded in the primary market by the 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 to customers 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 original effective interest rate to determine fair value.

Deposits from banks and customers

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

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

Borrowings

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

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.5 Fair value of financial assets and liabilities (continued)

6.5.1 Fair value estimation (continued)

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

BANK	Hierarchy level	Carrying amount		Fair value	
		2022 TZS' Millions	2021 TZS' Millions	2022 TZS' Millions	2021 TZS' Millions
Financial assets					
Cash and balances with Bank of Tanzania	Level 3	1,551,341	1,484,029	1,551,341	1,484,029
Government securities at amortized cost (Treasury bonds)	Level 2	1,580,143	1,362,039	1,581,770	1,294,899
Government securities at amortized cost (Treasury bills)	Level 2	335,111	321,911	336,598	322,404
Placement and balances with other banks	Level 2	186,941	337,255	186,941	337,255
Loans and advances to customers	Level 2	6,014,603	4,653,933	6,014,603	4,616,286
Other assets (excluding non-financial assets) *	Level 3	173,196	96,482	173,196	96,482
		9,841,335	8,255,649	9,844,449	8,151,355
Financial liabilities					
Deposits from customers	Level 3	7,594,832	6,664,263	7,594,832	6,664,263
Deposits from banks	Level 2	12,445	408	12,445	408
Subordinated debt	Level 3	-	71,025	-	71,025
Borrowings	Level 3	749,354	423,190	749,354	423,190
Other liabilities (Excluding non-financial other liabilities)**	Level 3	115,373	46,147	115,373	46,147
Assets held for managing liquidity		8,472,004	7,205,033	8,472,004	7,205,033

Cash and balances with Bank of Tanzania has been transferred between the fair value hierarchy levels from level 2 to level 3.

*Prepayments, inventory, provision for other assets and stationery are excluded from other assets' balance, as this analysis is for financial instruments only.

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

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.6 Capital management

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

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

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

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

- Hold a minimum level of core capital of TZS 15 billion;
- Maintain a ratio of core capital to the risk-weighted assets plus risk-weighted off-balance sheet assets of above the required minimum of 10%; and
- Maintain total capital of not less than 12% of risk-weighted assets plus risk-weighted off-balance sheet items.
- Maintain a capital conservation buffer of 2.5% of risk-weighted assets and off-balance sheet exposures. 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 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 the Bank of Tanzania within a period specified by BoT, indicating how the bank is going to raise capital to meet its minimum requirement including capital conservation buffer within a specified period of time; and
- In the event that BoT does not approve the capital restoration plan, it may direct the bank to raise additional capital within a specified time period in order to restore its capital conservation buffer.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.6 Capital management (continued)

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

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

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of 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 summarizes the composition of regulatory capital and the ratios of the Bank for the year ended 31 December 2022 and year ended 31 December 2021. During those two periods, the Bank complied with all the externally imposed capital requirements to which it is subject.

	Note	2022 TZS' Millions	2021 TZS' Millions
Tier 1 capital			
Share capital		20,000	20,000
Retained earnings		1,663,475	1,330,828
Less: Prepaid expenses	23(b)	(25,941)	(15,235)
Less: Deferred tax assets	27(a)	(109,475)	(93,799)
Total qualifying Tier 1 capital (A)		1,548,059	1,241,794
Tier 2 capital			
Subordinated debt		-	40,914
Fair valuation reserve		1,086	564
Total qualifying Tier 2 capital (B)		1,086	41,478
Maximum Tier 2 capital allowed (2% of Risk weighted assets) – (C) ^(a)		132,784	104,091
Total regulatory capital (D) = [(A) + Lower of (B) or (C)]		1,549,145	1,283,272

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.6 Capital management (continued)

		2022 TZS' Millions	2021 TZS' Millions
Risk-weighted assets			
On-balance sheet		4,716,207	3,683,735
Off-balance sheet		1,403,908	958,315
Market risk		14,105	76,309
Operational risk ^(b)		574,404	491,181
Total risk-weighted assets (E)		6,708,624	5,209,540
Subordinated debt	Required ratio (%)	2022 Bank's ratio %	2022 Bank's ratio %
Tier 1 capital	12.5	23.08	23.8
Tier 1 + Tier 2 capital	14.5	23.09	24.6

The increase in the total regulatory capital in the 2022 is mainly due to the increase of the current-year profit and the reduction of risk weight on SWL from 100% to 50% despite the increase of the off-balance sheet exposure and operational risk capital charge during the year.

(a) As per Bank of Tanzania requirement, Tier 2 Capital should not exceed 2% of the total risk weighted assets and off-balance sheet exposure.

(b) 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.

7. INTEREST INCOME

	2022 TZS' Millions	2021 TZS' Millions
(a) GROUP		
Loans and advances to customers	775,857	679,835
Government securities at amortized cost	162,815	128,928
Government securities at fair value through OCI	4,674	3,567
Sukuk Bonds	19	-
Placements and balances with other banks	10,291	3,116
	953,656	815,446
(b) BANK		
Loans and advances to customers	775,857	679,835
Government securities at amortized cost	162,815	128,928
Government securities at fair value through OCI	4,674	3,567
Sukuk Bonds	19	-
Placements and balances with other banks	10,291	3,116
	953,656	815,446

8. INTEREST EXPENSE

	2022 TZS' Millions	2021 TZS' Millions
(a) GROUP		
Deposits from customers	78,346	62,486
- Time deposits	32,958	27,698
- Current accounts	11,843	9,413
- Saving deposits	404	932
Deposits due to other banks	29,171	24,468
Borrowings from financial institutions	9,192	8,335
NMB bond	2,106	2,274
Lease liabilities	164,020	135,606
(b) BANK		
Deposits from customers	78,346	62,486
- Time deposits	32,958	27,698
- Current accounts	11,843	9,413
- Saving deposits	404	932
Deposits due to other banks	31,911	24,468
Borrowings from financial institutions	6,452	8,335
NMB bond	5,393	5,899
Lease liabilities	167,307	139,231

9. FOREIGN EXCHANGE INCOME

	2022 TZS' Millions	2021 TZS' Millions
(a) GROUP		
Foreign currency trading	48,071	33,583
(b) BANK		
Foreign currency trading	48,071	33,583

10. NET FEES AND COMMISSION INCOME (GROUP AND BANK)

Fees and commission income

Credit related fees and commissions	107,322	71,954
Other fees	36,241	30,542
Card fees	29,915	22,399
Agency banking fees	86,685	56,575
MNO collaboration fees	57,537	53,395
ATM fees and card issuing	46,983	40,077
Maintenance fees	19,982	20,840
Teller withdrawal fees	19,847	17,319
Commission - mobile banking	12,500	9,588
Government service fees	2,177	743
	419,189	323,432

Fees and commission income

Credit related fees and commissions	(94,260)	(74,891)
Net fees and commission income	324,929	248,541

11. OTHER INCOME

	2022 TZS' Millions	2021 TZS' Millions
(a) GROUP		
Bad debts recovery	22,545	19,297
Miscellaneous income	587	1,608
Profit on disposal of property and equipment	590	12
Rental income	7	8
Dividend on TMRC equity investments	50	63
	23,779	20,988

11. OTHER INCOME (CONTINUED)

(b) (BANK)

Bad debts recovery	22,545	19,297
Miscellaneous income	612	1,637
Profit on disposal of property and equipment	590	12
Rental income	7	8
Dividend on TMRC equity investments	50	63

2022 TZS' Millions	2021 TZS' Millions
22,545	19,297
612	1,637
590	12
7	8
50	63
23,804	21,017

12. EMPLOYEE BENEFITS EXPENSE (GROUP AND BANK)

Salaries and allowances	129,727	119,424
Other staff cost	17,211	18,571
Other emoluments	99,910	87,789
Pension costs - defined contribution plan	19,448	17,895

2022 TZS' Millions	2021 TZS' Millions
129,727	119,424
17,211	18,571
99,910	87,789
19,448	17,895
266,296	243,679

13. OTHER OPERATING EXPENSES

(a) GROUP

Administrative expenses	51,276	38,136
Cash trip expenses	9,890	9,535
Depositor's Protection Fund Insurance	8,691	7,602
Operating lease rent	507	230
Utilities	15,719	15,000
Security expenses	10,422	10,759
Marketing and advertising expenses	12,971	9,259
Repairs and maintenance	45,693	43,029
Travelling expenses	13,564	9,911
Management contract expenses	1,564	1,942
Other expenses	1,261	1,550
Auditors' remuneration	503	732
Directors' remuneration:		
- Fees	104	107
- Others	363	314
Impairment charge of other assets	2,961	984

2022 TZS' Millions	2021 TZS' Millions
51,276	38,136
9,890	9,535
8,691	7,602
507	230
15,719	15,000
10,422	10,759
12,971	9,259
45,693	43,029
13,564	9,911
1,564	1,942
1,261	1,550
503	732
104	107
363	314
2,961	984
175,489	149,090

(b) BANK

Administrative expenses	50,697	37,967
Cash trip expenses	9,890	9,535
Depositor's Protection Fund Insurance	8,691	7,602
Operating lease rent	507	230
Utilities	15,719	15,000
Security expenses	10,422	10,759
Marketing and advertising expenses	12,971	9,259
Repairs and maintenance	45,693	43,028
Travelling expenses	13,564	9,911
Management contract expenses	1,564	1,942
Other expenses	1,261	1,550
Auditors' remuneration	503	732
Directors' remuneration:		
- Fees	104	107
- Others	363	314
Impairment charge of other assets	2,961	984

2022 TZS' Millions	2021 TZS' Millions
50,697	37,967
9,890	9,535
8,691	7,602
507	230
15,719	15,000
10,422	10,759
12,971	9,259
45,693	43,028
13,564	9,911
1,564	1,942
1,261	1,550
503	732
104	107
363	314
2,961	984
174,910	148,920

14. DEPRECIATION AND AMORTISATION

a) GROUP

Depreciation of property and equipment (Note 24(a))	38,441	43,668
Amortization of right-of-use assets (Note 26(a))	10,205	9,420
Amortization of intangible assets (Note 25)	4,992	8,667
	53,638	61,755

b) BANK

Depreciation of property and equipment (Note 24(b))	36,410	41,637
Amortization of right of use assets (Note 26(b))	13,107	12,163
Amortization of intangible assets (Note 25)	4,992	8,667
	54,509	62,467

	2022 TZS' Millions	2021 TZS' Millions
	38,441	43,668
	10,205	9,420
	4,992	8,667
	53,638	61,755
	36,410	41,637
	13,107	12,163
	4,992	8,667
	54,509	62,467

15. CURRENT INCOME TAX

a) INCOME TAX EXPENSE: GROUP

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

Current tax:

In respect of current year	198,908	132,488
Over provision in prior period	-	917
	198,908	133,405

Deferred tax:

In respect of current year (Note 27(a))	(14,903)	(6,217)
In respect of prior year (Note 27(a))	(512)	(1,312)
	(15,415)	(7,529)
	183,493	125,876

15. CURRENT INCOME TAX (CONTINUED)

a) INCOME TAX EXPENSE: GROUP (CONTINUED)

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

Reconciliation of account profit to tax charge:

Profit before income tax	615,166	418,025
Tax calculated at the statutory income tax rate of 30% (2021: 30%)	184,552	125,408
<i>Tax effect of:</i>		
Depreciation on non-qualifying assets	171	1
Net under provision of deferred tax and current tax in prior year	(542)	(395)
Expenses not deductible for tax purposes	4,306	955
Non-taxable commission income	(4,599)	(243)
Dividend income	(15)	(19)
Recognition of UJVC deferred tax from previous year	(380)	169
Income tax expense	183,493	125,876

	2022 TZS' Millions	2021 TZS' Millions
	615,166	418,025
	184,552	125,408
	171	1
	(542)	(395)
	4,306	955
	(4,599)	(243)
	(15)	(19)
	(380)	169
	183,493	125,876

b) INCOME TAX EXPENSE - BANK

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

Current tax:

In respect of current year	198,211	131,792
Over provision in prior period	-	-
	198,211	131,792

Deferred tax:

In respect of current year (Note 27(b))	(15,464)	(6,779)
In respect of prior year (Note 27(b))	(512)	(1,312)
	(15,976)	(8,091)
	182,235	123,701

15. CURRENT INCOME TAX (CONTINUED)

b) INCOME TAX EXPENSE – BANK (CONTINUED)

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

Reconciliation of account profit to tax charge:

	2022 TZS' Millions	2021 TZS' Millions
Profit before income tax	611,611	413,887
Tax calculated at the statutory income tax rate of 30% (2021: 30%)	183,486	124,166
<i>Tax effect of:</i>		
Depreciation on non-qualifying assets	171	(80)
Expenses not deductible for tax purposes	3,704	1,189
Over provision of current tax in prior year	-	-
(Over)/Under provision of deferred tax in prior year	(512)	(1,312)
Non taxable commission income	(4,599)	(243)
Dividend on equity instrument	(15)	(19)
Income tax expense	182,235	123,701

c) CURRENT TAX (LIABILITIES)/ASSETS – GROUP

At start of the year	20,678	11,536
Current year tax expense (Note 15(a))	(198,908)	(133,405)
Tax refund	(11,746)	-
Tax paid	188,256	142,547
Tax payable	(1,720)	20,678

d) CURRENT TAX (LIABILITIES)/ASSETS – BANK

At start of the year	17,634	8,587
Current year tax expense (Note 15(b))	(198,211)	(131,792)
Tax refund	(11,746)	-
Tax paid	186,721	140,839
Tax payable	(5,602)	17,634

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:

	2022 TZS' Millions	2021 TZS' Millions
Net profit attributable to shareholders	431,531	292,078
Weighted average number of shares in issue in millions (Note 35)	500	500
Basic and diluted earnings per share (TZS)	863.06	584.16

(b) BANK

Net profit attributable to shareholders	429,376	290,186
Weighted average number of shares in issue in millions (Note 35)	500	500
Basic and diluted earnings per share (TZS)	858.75	580.37

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

17. DIVIDEND PER SHARE

Dividends are not recognised as a liability until they have been ratified at the Annual General Meeting. The Directors propose payment of a dividend of TZS 286 per share, amounting to TZS 143,125 million out of 2022 profit. In 2022, dividend of TZS 193 per share, amounting to TZS 96,729 million was approved and paid in respect of the year ended 31 December 2022.

18. CASH AND BALANCES WITH BANK OF TANZANIA (GROUP AND BANK)

	2022 TZS' Millions	2021 TZS' Millions
Cash in hand		
- local currency	382,228	385,119
- foreign currency	92,660	99,135
Balances with Bank of Tanzania		
- local currency	369,006	293,105
- foreign currency	246,707	269,917
Statutory Minimum Reserves (SMR)*	460,740	436,753
	1,551,341	1,484,029
Current	1,551,341	1,484,029

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

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

	2022 TZS' Millions	2021 TZS' Millions
Balances with banks abroad	15,834	123,274
Placement with local banks		
- Local currency	129,313	103,270
- Foreign currency	4,728	34,346
Placements with banks abroad	-	46,160
Letter of credit discounting arrangements	37,066	30,205
	186,941	337,255
Current	186,941	337,255

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

Salaried workers loans (SWL)	3,429,822	3,059,123
Staff loans at fair value*1	224,453	148,017
Prepaid staff benefit*2	33,565	33,849
MSE loans	326,809	322,876
Other consumer loans	475,055	69,489
Large corporate entities	992,471	755,388
SME loans	364,683	308,152
Agribusiness loans	395,818	167,025
Gross loans and advances to customers	6,242,676	4,863,919
Less: allowance for impairment	(228,073)	(209,986)
Net loans and advances to customers	6,014,603	4,653,933

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

*1 Using prevailing market interest rate for staff loans with a carrying amount of TZS 258,018 million, the fair value is estimated to be TZS 224,453 million.

*2 Prepaid staff benefit is the difference between the gross carrying amount and the fair value of staff loans issued below market rate. It is deferred and amortized to profit and loss on a straight-line basis over the tenure of the facility. The unwinding of the benefit is the difference between cumulative interest income using market rate and staff rate.

Analysis of loans and advances to customers by maturity

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

	2022 TZS' Millions	2021 TZS' Millions
Maturing:		
Within 1 year	1,592,624	1,055,150
Between 1 year and 5 years	2,722,626	2,602,088
Over 5 years	1,927,426	996,695
	6,242,676	4,653,933

Analysis based on ECL segmentation

2022	Agribusiness	Overdraft	Secured	Unsecured	Total
Salaried workers loans	-	-	-	3,687,840	3,687,840
MSE loans	-	45	326,223	541	326,809
Other consumer loans	-	-	49,958	425,097	475,055
Large corporate entities	184,577	199,826	608,068	-	992,471
SME loans	654	62,837	301,138	54	364,683
Agribusiness loans	393,548	2,067	-	203	395,818
Grand Total	578,779	264,775	1,285,387	4,113,735	6,242,676

2021	Agribusiness	Overdraft	Secured	Unsecured	Total
Salaried workers loans	-	-	-	3,240,989	3,240,989
MSE loans	-	-	322,876	-	322,876
Other consumer loans	-	-	41,488	28,001	69,489
Large corporate entities	166,068	181,347	404,574	3,399	755,388
SME loans	-	88,703	219,449	-	308,152
Agribusiness loans	167,025	-	-	-	167,025
Grand Total	333,093	270,050	988,387	3,272,389	4,863,919

21. (a) GOVERNMENT SECURITIES AT AMORTISED COST (GROUP AND BANK)

	2022 TZS' Millions	2021 TZS' Millions
Treasury Bills	335,111	321,911
Treasury Bonds	1,580,143	1,362,039
	1,915,254	1,683,950
Current	452,574	498,233
Non-current	1,462,680	1,185,717
Current	1,915,254	1,683,950

Treasury Bills and Bonds are debt securities issued by the Government of the United Republic of Tanzania and during the year the effective interest rate was 8.8% (2021: 7.6%).

As at 31 December 2022, there were no treasury bills which were pledged as security while the treasury bonds with face value of TZS 67,677 million (2021: TZS 9,277 million) were pledged as securities to borrowings from TMRC and BOT on Agribusiness special loan.

The movement in investment securities may be summarized as follows:

	2022 TZS' Millions	2021 TZS' Millions
At 1 January	1,683,950	1,275,291
Interest income	162,816	128,928
Additions	721,384	871,111
Interest received	(147,162)	(95,288)
Matured securities	(505,734)	(496,092)
At 31 December	1,915,254	1,683,950

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:

	2022 TZS' Millions	2021 TZS' Millions
At 1 January	55,330	28,962
Interest income	4,674	3,567
Realised gain on fair valuation credited to P&L	5,353	2,726
Unrealised fair valuation gain/(loss) to OCI (Note 35 (iv))	821	(326)
Additions	133,443	132,115
Interest received	(9,954)	(3,142)
Cash collection from disposal	(160,889)	(108,572)
	28,778	55,330
At 31 December		
Non-current	28,778	55,330

22. EQUITY INVESTMENTS

(a) GROUP

Investment at FVOCI

	2022 TZS' Millions	% share	2021 TZS' Millions	% share
Tanzania Mortgage Refinance Company Limited (TMRC)	2,920	7.81	2,920	7.81

TMRC is a private company and there is no quoted market price available for the shares. On adoption of IFRS 9 the investment was 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 2022, the Bank had 1,800,000 shares(2021: 1,800,000) in TMRC. The dividend that was declared during the year amounted to TZS 50 million (2021: TZS 63 million).

(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	2022 TZS' Millions	% share	2021 TZS' Millions	% share
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.

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.

22. EQUITY INVESTMENTS (CONTINUED)

b) Bank (continued)

(i) Investment in a subsidiary (continued)

Summarised statement of financial position	2022 TZS' Millions	2021 TZS' Millions
Current		
Total current assets	10,781	7,267
Current liabilities	(2,040)	(1,563)
Total net current assets /(liabilities)	8,741	5,704
Non-current		
Assets	29,821	31,852
Liabilities	-	-
Total non-current net assets	29,821	31,852
Total net assets	38,562	37,556

Summarised statement of comprehensive income	2022 TZS' Millions	2021 TZS' Millions
Revenue	4,921	4,922
Cost of sales	(117)	(119)
Finance costs	-	-
Administrative expenses	(2,517)	(2,110)
Tax (charge)/credit	(1,258)	(2,175)
Profit after tax	1,029	518
Allocated to non- controlling interest	141	71

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.

Summarised cash flows	2022 TZS' Millions	2021 TZS' Millions
Net cash generated from /(used in) operations	3,553	1,841
Net cash used in investing activities	-	-
Net cash used in financing activities	-	(471)
Net decrease in cash and cash equivalents	3,553	1,370
Cash and cash equivalents at start of the year	1,375	5
Cash and cash equivalents at end of the year	4,928	1,375

22. EQUITY INVESTMENTS (CONTINUED)

b) Bank (continued)

(ii) Investment at fair value through other comprehensive income

Company name	2022 TZS' Millions	% share	2021 TZS' Millions	% share
Tanzania Mortgage Refinance Company Ltd	2,920	7.81	2,920	7.81

23. OTHER ASSETS

(a) GROUP

	2022 TZS' Millions	2021 TZS' Millions
Service fees receivable	5,577	7,958
Prepayments	26,019	15,313
Other receivables	107,738	45,919
Staff imprest	103	20
Stationery Stock	1,262	1,673
Bank card Inventory	2,988	1,422
Balances due to related parties	1,534	1,443
Cheques and items for clearance	34,392	22,521
Balances with Mobile network operators	23,852	21,966
Less: Allowance for impairment of other receivables	(2,597)	(2,240)
	200,868	115,995
Current	200,260	99,662
Non-current	608	16,333
	200,868	115,995

The movement in provision for impairment of other assets is as follows:

At start of the year	(2,240)	(1,256)
Charge for the year	(357)	(984)
At end of year	(2,597)	(2,240)

23. OTHER ASSETS (CONTINUED)

	2022 TZS' Millions	2021 TZS' Millions
(b) BANK		
Service fees receivable	5,577	7,958
Prepayments	25,941	15,235
Other receivables	106,009	43,741
Staff imprest	103	20
Stationery Stock	1,262	1,673
Bank card Inventory	2,988	1,422
Balances due to related parties	1,534	1,443
Cheques and items for clearance	34,392	22,521
Balances with Mobile network operators	23,852	21,966
Less: Allowance for impairment of other receivables	(2,597)	(2,240)
	199,061	113,739
Current	198,453	97,406
Non-current	608	16,333
	199,061	113,739
The movement in allowance for impairment of other receivables is as follows:		
At start of the year	(2,240)	(1,256)
Charge for the year	(357)	(984)
At end of year	(2,597)	(2,240)
Other assets have not been pledged as security for liabilities.		

NMB BANK PLC
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
NOTES (CONTINUED)

24. PROPERTY AND EQUIPMENT

(a) GROUP

	Year ended 31 December 2022	Own building TZS' Millions	Leasehold improvement TZS' Millions	Motor vehicles TZS' Millions	Computers, furniture and equipment TZS' Millions	Capital work in progress* TZS' Millions	Total TZS' Millions
COST							
At 1 January 2022	133,270	100,475	21,638	243,245	1,937	500,565	
Additions	233	309	329	6,373	6,694	13,938	
Transfers from WIP	636	1,377	-	2,511	(4,524)	-	
Transfer from prepayments	-	-	755	5,997	-	6,752	
Disposal	-	-	(1,330)	(311)	-	(1,641)	
At 31 December 2022	134,139	102,161	21,392	257,815	4,107	519,614	
DEPRECIATION							
At 1 January 2022	46,783	52,453	19,017	189,422	-	307,675	
Charge for the year	6,110	7,819	908	23,604	-	38,441	
Disposal	-	-	(1,329)	(310)	-	(1,639)	
At 31 December 2022	52,893	60,272	18,596	212,716	-	344,477	
NET BOOK VALUE							
At 31 December 2022	81,246	41,889	2,796	45,099	4,107	175,137	

*The capital work in progress relates to the ongoing projects of branch renovations, network equipments and ongoing security system projects.
No property and equipment of the Group and Bank has been pledged as security for liabilities.

24. PROPERTY AND EQUIPMENT (CONTINUED)

(a) GROUP (CONTINUED)		Own building TZS' Millions	Leasehold improvement TZS' Millions	Motor vehicles TZS' Millions	Computers, furniture and equipment TZS' Millions	Capital work in progress* TZS' Millions	Total TZS' Millions
Year ended 31 December 2021							
COST							
At 1 January 2021		153,895	76,884	20,103	227,430	2,561	480,873
Additions		603	750	543	6,914	2,476	11,286
Transfers from WIP		590	1,023	-	1,487	(3,100)	-
Transfer from prepayments		-	-	992	8,836	-	9,828
Reclassification		(21,818)	21,818	-	-	-	-
Disposal		-	-	-	(1,422)	-	(1,422)
At 31 December 2021		133,270	100,475	21,638	243,245	1,937	500,565
DEPRECIATION							
At 1 January 2021		43,864	40,000	17,469	163,825	-	265,158
Charge for the year		7,169	7,854	1,548	27,018	-	43,589
Reclassification		(4,520)	4,599	-	-	-	79
Adjustment**		270	-	-	-	-	270
Disposal		-	-	-	(1,421)	-	(1,421)
At 31 December 2021		46,783	52,453	19,017	189,422	-	307,675
NET BOOK VALUE							
At 31 December 2021		86,487	48,022	2,621	53,823	1,937	192,890

*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 adjustment relates to the depreciation of the leasehold rights where NMB Bank's headquarters are located which was not previously depreciated.

NMB ANNUAL REPORT 2022 | 344

24. PROPERTY AND EQUIPMENT (CONTINUED)

(b) BANK		Own building TZS' Millions	Leasehold improvement TZS' Millions	Motor vehicles TZS' Millions	Computers, furniture and equipment TZS' Millions	Capital work in progress* TZS' Millions	Total TZS' Millions
Year ended 31 December 2022							
COST							
At 1 January 2022		90,250	100,475	21,638	243,245	1,937	457,545
Additions		233	309	329	6,373	6,694	13,938
Transfers from WIP		636	1,377	-	2,511	(4,524)	-
Transfer from prepayments		-	-	755	5,997	-	6,752
Disposal		-	-	(1,330)	(311)	-	(1,641)
At 31 December 2022		91,119	102,161	21,392	257,815	4,107	476,594
DEPRECIATION							
At 1 January 2022		35,615	52,453	19,017	189,422	-	296,507
Charge for the year		4,079	7,819	908	23,604	-	36,410
Disposal		-	-	(1,329)	(310)	-	(1,639)
At 31 December 2022		39,694	60,272	18,596	212,716	-	331,278
NET BOOK VALUE							
At 31 December 2022		51,425	41,889	2,796	45,099	4,107	145,316

*The capital work in progress relates to the ongoing projects of branch renovations, network equipment and ongoing security system projects. No property and equipment of the Group and Bank has been pledged as security for liabilities.

24. PROPERTY AND EQUIPMENT (CONTINUED)

(b) BANK (CONTINUED)	Own building TZS' Millions	Leasehold improvement TZS' Millions	Motor vehicles TZS' Millions	Computers, furniture and equipment TZS' Millions	Capital work in progress* TZS' Millions	Total TZS' Millions
Year ended 31 December 2021						
COST						
At 1 January 2021	110,875	76,884	20,103	227,430	2,561	437,853
Additions	603	750	543	6,914	2,476	11,286
Transfers from WIP	590	1,023	-	1,487	(3,100)	-
Transfer from prepayments	-	-	992	8,836	-	9,828
Reclassification	(21,818)	21,818	-	-	-	-
Disposal	-	-	-	(1,422)	-	(1,422)
At 31 December 2021	90,250	100,475	21,638	243,245	1,937	457,545
DEPRECIATION						
At 1 January 2021	34,997	40,000	17,469	163,825	-	256,291
Charge for the year	5,138	7,854	1,548	27,018	-	41,558
Reclassification	(4,520)	4,599	-	-	-	79
Disposal	-	-	-	(1,421)	-	(1,421)
At 31 December 2021	35,615	52,453	19,017	189,422	-	296,507
NET BOOK VALUE						
At 31 December 2021	54,635	48,022	2,621	53,823	1,937	161,038

*The capital work in progress relates to the ongoing projects of branch re-modelling. No property and equipment of the Group and Bank has been pledged as security for liabilities.

25. INTANGIBLE ASSETS (GROUP AND BANK)

	Computer Software TZS' Millions	Work in progress TZS' Millions	Total TZS' Millions
2022			
Cost:			
At 1 January	79,740	6,759	86,499
Additions	847	8,547	9,394
Transfer from prepayments	(34)	-	(34)
Adjustment	-	34	34
At 31 December	80,553	15,340	95,893
Amortisation			
At 1 January	72,611	-	72,611
Charge for the year	4,992	-	4,992
At 31 December	77,603	-	77,603
Net book value	2,950	15,340	18,290
2021			
Cost:			
At 1 January	76,710	1,132	77,842
Additions	2,374	6,778	9,152
Transfer from work in progress	472	(472)	-
Transfer from prepayment	184	-	184
Adjustment	-	(679)	(679)
At 31 December	79,740	6,759	86,499
Amortisation			
At 1 January	63,944	-	63,944
Charge for the year	8,667	-	8,667
At 31 December	72,611	-	72,611
Net book value	7,129	6,759	13,888

The Software work in progress relates to costs towards developmen of new agency banking system, internet banking, Mkononi revamp, Micro lending and other small systems.

26. LEASES

(a) RIGHT-OF-USE ASSETS (GROUP)

	2022 TZS' Millions	2021 TZS' Millions
At start of the year	26,754	28,850
Additions	10,514	6,853
Modification	-	471
Amortisation charge	(10,205)	(9,420)
At the end of the year	27,063	26,754

(b) RIGHT-OF-USE ASSETS (BANK)

At start of the year	65,177	70,027
Additions	10,508	6,853
Modification	192	460
Lease remeasurement	2,301	-
Amortisation charge	(13,106)	(12,163)
At the end of the year	65,072	65,177

(c) LEASE LIABILITIES (GROUP)

At start of the year	27,261	28,927
Additions	7,145	6,853
Modification	192	(1,010)
Finance cost	2,106	2,274
Revaluation gain/losses	118	41
Lease remeasurement	2,296	-
Payment during the year	(8,532)	(9,824)
At the end of year	30,586	27,261

Current	4,535	4,245
Non-current	26,051	23,016
	30,586	27,261

(d) LEASE LIABILITIES (BANK)

At start of the year	67,142	70,104
Additions	7,046	6,853
Modification	192	(1,010)
Lease remeasurement	2,296	-
Finance cost	5,393	5,899
Revaluation gain/losses	118	41
Payment during the year	(13,454)	(14,745)
At the end of year	68,733	67,142

Current	9,612	9,177
Non-current	59,121	57,965
	68,733	67,142

26. LEASES (CONTINUED)

The statement of profit or loss shows the following amounts relating to leases

(e) GROUP

Amortisation of right-of-use assets - Note 14 (a)	10,204	9,420
Finance cost – included as interest expense - Note 8(a)	2,106	2,274
Expense relating to short-term leases - Note 13 (a)	507	230
Gain on modification – Note 26(c), Note 26(a)	-	1,481
Foreign exchange gain on leases liability – Note 26 (c)	118	41
	12,935	13,446

(f) BANK

Amortisation of right-of-use assets - Note 14 (b)	13,107	12,163
Finance cost – included as interest expense - Note 8(b)	5,393	5,899
Expense relating to short-term leases - Note 13 (b)	507	230
Gain on modification – Note 26(c), Note 26(a)	-	1,470
Foreign exchange gain on leases liability – Note 26 (c)	118	41
	19,125	19,803

All leases relate to building properties used as office, branch or ATM outlets. Total cash flow for leases in 2022 for Group and Bank amounted to TZS 8,532 million (TZS 9,824 million) and TZS 13,454 million (2021: TZS 14,745 million) respectively. During the year there was addition of TZS 7,145 million for the Group and Bank respectively.

27. DEFERRED TAX

(a) DEFERRED INCOME TAX ASSETS (GROUP AND BANK)

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

	2022 TZS' Millions	2021 TZS' Millions
At start of year	93,799	85,610
<i>Credit/(Debit) to profit or loss:</i>		
In respect to current year (Note 15(b))	15,463	6,779
In respect of prior year: (Under)/Over provision (Note 15(b))	512	1,312
<i>Credit/(Debit) to OCI:</i>		
In respect of current year	(299)	98
At the end of year	109,475	93,799

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

Year ended 31 December 2022

	1 January TZS' Millions	Credited to profit or loss in respect of		Credited / (Charged) to OCI TZS' Millions	31 December TZS' Millions
Deferred income tax asset		Current year TZS' Millions	Prior years TZS' Millions		
Impact to profit and loss					
Property and equipment	12,812	1,325	-	-	14,137
Provisions for loan impairment	62,992	5,389	-	-	68,381
Other provisions	17,849	4,635	-	-	22,484
Other temporary differences	312	4,114	512	-	4,938
Impact to reserve					
Fair valuation gain – equity	(354)	-	-	-	(354)
Fair valuation gain – debt	188	-	-	(299)	(111)
Provisions - IFRS 9 adjustment	-	-	-	-	-
	93,799	15,463	512	(299)	109,475

27. DEFERRED TAX

(a) DEFERRED INCOME TAX ASSETS (GROUP AND BANK) (CONTINUED)

Year ended 31 December 2021

	1 January TZS' Millions	Credited to profit or loss in respect of		Credited / (Charged) to OCI TZS' Millions	31 December TZS' Millions
Deferred income tax asset		Current year TZS' Millions	Prior years TZS' Millions		
Impact to profit and loss					
Property and equipment	10,004	2,883	(75)	-	12,812
Provisions for loan impairment	56,743	5,975	274	-	62,992
Other provisions	14,847	3,002	-	-	17,849
Other temporary differences	(142)	(659)	1,113	-	312
Impact to reserve					
Fair valuation gain – equity	(354)	-	-	-	(354)
Fair valuation gain – debt	90	-	-	98	188
Provisions - IFRS 9 adjustment	4,422	(4,422)	-	-	-
	85,610	6,779	1,312	98	93,799

(b) DEFERRED TAX LIABILITY (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:

	As 1 January	Charged to profit or loss	At 31 December
Year ended 31 December 2022			
Investment property	858	560	1,418
Unrealised foreign exchange loss	-	-	-
Total	858	560	1,418
Year ended 31 December 2021			
Investment property	295	563	858
Unrealised foreign exchange loss	-	-	-
Total	295	563	858

27. DEFERRED TAX (CONTINUED)

(b) DEFERRED TAX LIABILITY (GROUP) (CONTINUED)

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

	2022 TZS' Millions	2021 TZS' Millions
Investment property	1,418	858
Unrealised foreign exchange loss	-	-
Deferred tax liability recognized	1,418	858

28. DEPOSITS FROM CUSTOMERS

(a) GROUP

Deposits due to customers are composed of the following;

Current accounts	2,865,581	2,766,603
Personal accounts	3,539,151	3,001,462
Time deposit accounts	1,190,100	894,824
	7,594,832	6,662,889

Current	5,124,764	5,890,515
Non-current	2,470,068	772,374
	7,594,832	6,662,889

(b) BANK

Current accounts	2,870,896	2,767,977
Personal accounts	3,539,151	3,001,462
Time deposit accounts	1,190,100	894,824
	7,600,147	6,664,263

Current	5,130,081	5,884,714
Non-current	2,470,066	779,549
	7,600,147	6,664,263

29. DEPOSITS DUE TO OTHER BANKS (GROUP AND BANK)

Deposits from other banks	12,445	408
Current	12,445	408

30. OTHER LIABILITIES

(a) GROUP

	2022 TZS' Millions	2021 TZS' Millions
Accrued expenses	14,118	12,898
Bonus payable	15,536	13,150
Deferred processing fees	49,902	40,320
Bills payable	2,178	2,178
Statutory liabilities	32,539	25,205
Provisions for TRA assessments	9,021	10,957
Insurance premium payable	7,804	4,772
Commission payable to NMB agents	4,608	4,268
Cheques and items for clearance	5,665	15,556
Provisions	294	2,173
Commission received in advance; LCs and Guarantees	1,765	1,704
Sundry liabilities	4,500	6,571
Impairment provision for off-balance sheet items (Note 6.1.5 e)	276	163
Total	148,206	139,915

Non-Current	115,715	110,171
Current	32,491	29,744
	148,206	139,915

30. OTHER LIABILITIES (CONTINUED)

(b) BANK

	2022 TZS' Millions	2021 TZS' Millions
Accrued expenses	14,118	12,898
Bonus payable	15,536	13,150
Deferred processing fees	49,902	40,320
Bills payable	2,178	2,178
Statutory liabilities	32,539	25,205
Provisions for TRA assessments	9,021	10,957
Insurance premium payable	7,804	4,772
Commission payable to NMB agents	4,608	4,268
Cheques and items for clearance	5,665	15,556
Provisions	294	2,173
Commission received in advance; LCs and Guarantees	1,765	1,704
Sundry liabilities	10,063	10,258
Provision for off-balance sheet items(Note 6.1.5 e)	276	163
Total	153,769	143,602
Non-Current	112,734	105,862
Current	41,035	37,740
	153,769	143,602

31. PROVISIONS (GROUP AND BANK)

Provision for losses from legal cases	2,079	1,309
Movement in provision		
At the start of year	1,309	971
Charged during the year	770	338
At end of year	2,079	1,309

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 31st December 2022.

32. BORROWINGS (GROUP AND BANK)

Borrowings:

	2022 TZS' Millions	2021 TZS' Millions
EIB Loan (i)	524	1,575
FMO Loan (ii)	295,375	11,540
Triodos (iii)	-	5,666
NMB Bond (iv)	74,269	83,349
TMRC (v)	11,700	11,700
IFC (vi)	303,659	304,430
BOT (vii)	57,875	-
Accrued interest	5,952	4,930
	749,354	423,190
Current	295,440	380,251
Non-current	453,914	42,939
	749,354	423,190

As at 31st December 2022, the Group had no borrowing at default and there was no breach of covenants. All USD LIBOR priced borrowings expires before 30th June 2023 hence there shall be no transition of interest rate benchmark.

(i) European Investment Bank (EIB) loan

As at 31 December 2022, the Bank had a total balance of TZS 525 million (2021: TZS 1,575 million). It is payable semi-annually within seven years at effective interest rate of 9.31% (2021: 9.31%).

The loan was taken for the purpose of better assets liability management and were unsecured.

As at 31st December 2022, the Bank was compliant with all the lender's covenants.

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

In December 2022, the Bank obtained unsecured loan of USD 125 million repayable semi-annually within six years and carries a floating rate based on six months CME SOFR rate. The effective interest rate was 7.55%, during the year. The outstanding balance as at 31st December 2022 was USD 125 million equivalent to TZS 295,600 million.

Moreover in 2016, the bank drew down tranche 2 of the 2015 contract amounting to USD 25 Million repayable semi-annually within five to six years and carries a floating rate based on six months LIBOR rate. The effective interest rate was 5.8%, during the year. The loan was fully paid in 2022 (2021: USD 5 million equivalent to TZS 11,540 million).

As at 31st December 2022, the Bank was compliant with all the lender's covenants.

32. BORROWINGS (GROUP AND BANK) (CONTINUED)

(iii) Triodos B.V.

In 2019, the Bank borrowed from Triodos an amount of TZS 28.3 billion repayable semi-annually from the year 2020 and carrying a fixed rate. The effective interest rate is 14.4%. The loan was taken for the purpose of better assets and liability management. The loan is unsecured. The loan was fully paid in 2022 (2021: TZS 5,666 million).

(iv) NMB Bond

Sustainable Bond

On 7th February 2022, the Bank issued the fourth and final tranche of the 2016 MTN program dubbed Jasiri Bond. The Bank issued a TZS 25 billion 3-year bond targeted towards the retail and institutional investor segment; offering a gross coupon rate of 8.5% and issued at par. The coupon on the bond is paid quarterly. The offer period closed on 21st March 2022 with market demand exceeding expectations. The bond was oversubscribed by 197% with the Bank receiving applications from investors amounting to TZS 74.3 billion.

Jasiri Bond is bank first Gender Bond in the whole of Sub-Saharan Africa (SSA) whose framework aligns with Social Bond Principles administered by the International Capital Market Association. The debut issuance under the bank Social Bond Framework focuses exclusively on gender equality and economic empowerment of women (SDG-5 specifically) by channeling its proceeds to women-owned or led businesses and those businesses whose products and services directly benefit a woman. The Bond will also have impact on other broad-based SDGs impacted through financing of economic activities under SMEs.

The bond is unsecured and is tradable on the Dar es Salaam Stock Exchange (DSE).

As at 31st December 2022, the NMB 2016 MTN programme was fully exhausted after the issuance of fourth tranche.

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

(v) Tanzania Mortgage Refinance Company Limited

As at 31st December 2022 the balance was TZS 11.7 billion (2021: TZS 11.7 billion). The balance was made up of three tranches which were taken to finance the portfolio of mortgage loans and all tranches were renewable.

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. The loan renewable in 2020 at a fixed price of 7.5%.

In 2018, 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 loan renewable in 2021 at a fixed price of 7.5%.

32. BORROWINGS (GROUP AND BANK) (CONTINUED)

(v) Tanzania Mortgage Refinance Company Limited (continued)

In 2019 the Bank secured additional TZS 5 billion loan with 3-year tenor at a fixed interest rate of 9%. The loan is secured by a portfolio of treasury bonds with a coverage ratio of at least 105.3% The loan renewable in 2022 at a fixed price of 7.5%.

(vi) International Finance Corporation (IFC)

In 2020, the Bank obtained unsecured loan of TZS 50 Billion repayable semi-annually within five to six years and carries a fixed rate. The effective interest rate was 10.5%, during the year. The outstanding balance as at 31 December 2022 was TZS 35.7 billion (31 December 2021: TZS 50 Billion).

During the year 2021, the Bank obtained two short-term loans from IFC amounting to USD 110 million in USD and TZS repayable in 2022 in one bullet or can be rolled over. The USD tranche amounting to USD 60 Million carries a floating rate based on six months LIBOR rate. The effective interest rate during the year was 4.7%. The full USD 60 Million was rolled over in 2022.

The TZS tranche amounting to TZS 115.95 Billion carried a fixed rate for the year. Only 57.98 Billion was rolled over and the remaining 57.98 billion was repaid upon maturity. The effective rate for the facility was 9.76%.

During the year 2022, the bank converted the Subordinate loan of 68.19 Billion to a senior loan which carried a reduced interest rate. As at 31st December 2022 the balance was TZS 68,190 million (2021: TZS 68,190 million). The effective interest rate was 11.93%.

The loans were taken for better Assets Liability management. The loan is unsecured.

As at 31 December 2022, the Bank was compliant with all the lender's covenants.

(vii) Bank of Tanzania (BOT)

In September 2022, the Bank borrowed from BOT an amount of TZS 57.9 billion repayable in 3 months carrying a fixed rate with an option to renew. In December 2022 the Bank renewed the loan for a further 3 months. The effective interest rate is 3%. The loan was taken for the purpose of to promote credit to private sector particularly small-scale farmers. The loan is secured by treasury bond worth TZS 58.4 billion.

Movement of borrowings during the year was as follows:

	2022 TZS' Millions	2021 TZS' Millions
At 1 January	423,190	252,715
Interest expense	31,555	32,803
Additions	427,518	255,190
Converted amount from subordinated loan	68,190	0
Interest paid	(31,031)	(30,576)
Principal payment	(174,141)	(85,398)
Foreign exchange gain/(loss)	4,073	(1,544)
At 31 December	749,354	423,190

33. SUBORDINATED DEBT (GROUP AND BANK)

In 2018, the Bank borrowed an amount of TZS 68,190 million from International Finance Corporation (IFC). The loan is repayable semi-annually after lapse of 5 years grace period and carries a fixed rate. The loan was taken to improve the Tier II capital of the Bank. The loan is unsecured. As at 31 December 2022 the balance was NIL (2021: TZS 68,190 million). During the year 2022, the Bank converted the Subordinate loan of 68.19 Billion to a senior loan which carried a reduced interest rate. As at 31st December 2022, the Bank was compliant with all the lender's covenants.

	2022 TZS' Millions	2021 TZS' Millions
Principal	-	68,190
Accrued interest	-	2,835
	-	71,025
Current	-	2,835
Non-current	-	2,835

Movement of subordinated loan during the year was as follows:

At 1 January	71,025	71,025
Interest expense	6,807	9,669
Interest paid	(9,642)	(9,669)
Converted amount to senior loan	(68,190)	-
At 31 December	-	71,025

34. NET DEBT ANALYSIS

	Group		Bank	
	2022 TZS' Millions	2021 TZS' Millions	2022 TZS' Millions	2021 TZS' Millions
Cash and cash equivalents	1,277,542	1,406,497	1,277,542	1,406,497
Borrowings repayable within one year	(289,487)	(256,413)	(289,487)	(256,413)
Borrowings repayable after one year	(459,867)	(237,802)	(459,867)	(237,802)
Lease liabilities due after 1 year	(26,051)	(23,016)	(59,121)	(57,965)
Lease liabilities due within 1 year	(4,535)	(4,245)	(9,612)	(9,177)
Net debt	497,602	885,021	459,455	845,140
Cash and cash equivalents	1,277,542	1,406,497	1,277,542	1,406,497
Gross debt – fixed interest rate	(280,458)	(371,349)	(318,605)	(411,230)
Gross debt – variable interest rate	(499,482)	(150,127)	(499,482)	(150,127)
Assets held for managing liquidity	497,602	885,021	459,455	845,140

The movement of the individual components is available in Note 26, Note 32, Note 33 and the statement of cash flows.

35. CAPITAL AND RESERVES

(i) Share capital

Authorised

625,000,000 ordinary shares of TZS 40 each

2022 TZS' Millions	2021 TZS' Millions
25,000	25,000

Called up and fully paid

500,000,000 ordinary shares of TZS 40 each

2022 TZS' Millions	2021 TZS' Millions
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 to comply with the requirements of the Bank of Tanzania. This reserve is not available for distribution.

(iv) Fair valuation reserve

The reserve is made up of fair valuation of financial assets and liabilities.

This reserve is not available for distribution to shareholders.

35. CAPITAL AND RESERVES (CONTINUED)

Movement in fair valuation reserve is as follows:

At 1 January

- As previously stated

Fair valuation gain

Deferred tax on fair valuation gain

At 31 December

	2022 TZS' Millions	2021 TZS' Millions
	564	792
	790	(326)
	(268)	98
	522	(228)
	1,086	564

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

36. CASH AND CASH EQUIVALENTS (GROUP AND BANK)

Cash and balances with Bank of Tanzania (Note 18)

Less: Statutory Minimum Reserves (Note 18)

Placement and balances with other banks (Note 19)

Balance with mobile network operators

	2022 TZS' Millions	2021 TZS' Millions
	1,551,341	1,484,029
	(460,740)	(436,753)
	186,941	337,255
	-	21,966
	1,277,542	1,406,497

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.

37. NOTES TO THE STATEMENT OF CASH FLOWS

(a) GROUP

Operating activities

Profit before tax

Adjustment for:

Depreciation and amortization

Gain on modification of lease

Profit on disposal of property and equipment

Realised gain on government security-FVOCI

Interest income from government security available for sale

Interest income from government security amortised at cost

Interest expense on lease

Interest expense on borrowings

Foreign exchange (loss)/gain on borrowings

Impairment expense

Movement in operating assets:

Statutory Minimum Reserve

Loans and advances to customers

Other assets

Deposits from customers

Deposits due to other banks

Other liabilities

Provisions

Cash generated from operations

Note	2022 TZS' Millions	2021 TZS' Millions
	615,165	418,025
14	53,637	61,755
26	2,606	(1,481)
11	(590)	(12)
21(b)	(5,353)	(2,726)
21(b)	(4,674)	(3,567)
21(a)	(162,816)	(128,928)
26(c)	2,106	2,274
32	38,362	32,803
32	4,073	(1,544)
	81,067	113,040
	623,583	489,639
	(23,987)	(108,735)
	(1,441,737)	(626,612)
	(84,873)	(51,079)
	931,943	1,337,439
	12,037	(162,347)
	8,290	23,038
31	770	338
	26,026	901,681

37. NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

(b) BANK	Note	2022 TZS' Millions	2021 TZS' Millions
Operating activities			
Profit before tax		611,611	413,887
Adjustment for:			
Depreciation and amortization	14	54,509	62,467
Gain on modification of lease contract	26	(5)	(1,470)
Profit on disposal of property and equipment	11	(590)	(12)
Realised gain on government security available for sale	21(b)	(5,353)	(2,726)
Interest income on government security available for sale	21(b)	(4,674)	(3,567)
Interest income on government security amortised at cost	21(a)	(162,816)	(128,928)
Interest expense on lease	26(d)	5,393	5,899
Interest expense on borrowings	32	38,362	32,803
Foreign exchange (loss)/gain on borrowings	32	4,073	(1,544)
Foreign exchange loss on leases liability		118	-
Impairment Expense		81,067	113,040
		621,695	489,849
Movement in operating assets:			
Statutory Minimum Reserve		(23,987)	(108,735)
Loans and advances to customers		(1,441,737)	(626,612)
Other assets		(85,322)	(53,811)
Deposits from customers		935,886	1,338,808
Deposits due to other banks		12,037	(166,797)
Other liabilities		10,167	26,933
Provisions	31	770	338
		29,509	899,973

38. (a) FINANCIAL INSTRUMENTS BY CATEGORY (GROUP)

31 December 2022	Amortised Cost TZS' Millions	Fair Value through OCI TZS' Millions	Total TZS' Millions
Financial assets			
Cash and balances with Bank of Tanzania	1,551,341	-	1,551,341
Investment securities – at amortised cost	1,915,254	-	1,915,254
Investment securities – FVOCI	-	28,778	28,778
Placement and balances with other banks	186,941	-	186,941
Loans and advances to customers	6,014,603	-	6,014,603
Equity investments	-	2,920	2,920
Other assets (excluding non-financial assets) *	171,467	-	171,467
	9,839,606	31,698	9,871,304
31 December 2021			
Financial assets			
Cash and balances with Bank of Tanzania	1,484,029	-	1,484,029
Investment securities – at amortised cost	1,683,950	-	1,683,950
Investment securities – FVOCI	-	55,330	55,330
Placement and balances with other banks	337,255	-	337,255
Loans and advances to customers	4,653,933	-	4,653,933
Equity investments	-	2,920	2,920
Other assets (excluding non-financial assets) *	97,683	-	97,683
	8,256,850	58,250	8,315,100
Financial liabilities at amortised cost		2022 TZS' Millions	2021 TZS' Millions
Deposits from customers		7,594,741	6,662,889
Deposits from banks		12,445	408
Borrowings		749,354	423,190
Subordinated debt		-	71,025
Lease liabilities		28,172	27,261
Other liabilities (excluding non-financial liabilities) **		120,954	46,147
		8,505,666	7,230,920

*Prepayments, inventory, provision for other assets and stationery are excluded from other assets balance, as this analysis is for financial instruments only.

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

38. (b) FINANCIAL INSTRUMENTS BY CATEGORY (BANK)

31 December 2022	Amortised Cost TZS' Millions	Fair Value through OCI TZS' Millions	Total TZS' Millions
Financial assets			
Cash and balances with Bank of Tanzania	1,551,341	-	1,551,341
Investment securities at amortised cost	1,915,254	-	1,915,254
Investment securities at FVOCI	-	28,778	28,778
Placement and balances with other banks	186,941	-	186,941
Loans and advances to customers	6,014,603	-	6,014,603
Equity investments	-	2,920	2,920
Other assets (excluding non-financial assets) *	171,467	-	171,467
	9,839,606	31,698	9,871,304
31 December 2021			
Financial assets			
Cash and balances with Bank of Tanzania	1,484,029	-	1,484,029
Investment securities at amortised cost	1,683,950	-	1,683,950
Investment securities at FVOCI	-	55,330	55,330
Placement and balances with other banks	337,255	-	337,255
Loans and advances to customers	4,653,945	-	4,653,945
Equity investments	-	2,920	2,920
Other assets (excluding non-financial assets) *	96,482	-	96,482
	8,255,661	58,250	8,313,911
Financial liabilities at amortised cost		Fair Value through OCI TZS' Millions	Total TZS' Millions
Deposits from customers		7,600,149	6,664,263
Due from banks		12,445	408
Borrowings		749,354	423,190
Subordinated debt		-	71,025
Lease liabilities		68,733	67,142
Other liabilities (excluding non-financial other liabilities) **		120,954	46,147
		8,551,635	7,272,175

*Prepayments, inventory, provision for other assets and stationery are excluded from other assets balance, as this analysis is for financial instruments only.

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

39. 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 2022, 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	2022 TZS' Millions	2021 TZS' Millions
Guarantees and Indemnities	558,225	229,577
Undrawn Commitments	242,993	246,563
Acceptances and letters of credit	1,151,212	757,621
	1,952,430	1,233,761

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 31, 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 2022, the Bank had capital commitments of TZS 45,090 million (2021: TZS 57,152 million) in respect of new branches, branch remodelling, equipment and information technology. The expenditure contracted as at the end of reporting period but not yet incurred is as follows:

	2022 TZS' Millions	2021 TZS' Millions
Information technology	36,508	43,141
Branch and business centres remodelling	4,915	6,225
Others including equipment, vehicles and furniture	3,667	7,786
	45,090	57,152

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

39. CONTINGENT LIABILITIES AND COMMITMENTS (GROUP AND BANK) (CONTINUED)

(d) Lease commitments

As at 31 December 2022, the Group and Bank had short term lease commitments of TZS 474 millions (2021: TZS 401 million).

40. 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 2022 were as follows:

GROUP	2022 %	2021 %
Government securities	8.75	7.62
Deposits with banking institutions	5.50	0.13
Loans and advances to customers	12.90	14.54
Customer deposits	1.62	1.50
Deposits from banks	3.25	4.99
Borrowings	5.12	6.75

41. RELATED PARTY TRANSACTIONS AND BALANCES

(GROUP AND BANK)

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 2022 there were no loans issued to companies controlled by the Directors or their families. Advances to customers at 31 December 2022 include loans to key management personnel and related entities as follows:

GROUP AND BANK	2022 TZS' Millions	2021 TZS' Millions
Key management personnel		
At start of year	3,800	3,121
Advanced during the year	2,797	2,871
Repaid during the year	(1,457)	(2,192)
At end of year	5,140	3,800
Interest income earned	233	273

41. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

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

Provision recognized in respect of loans given by the Group and Bank to key management personnel amounted to TZS 27million (2021: TZS 45 million). 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%. As at 31 December 2022, the Group and Bank held collateral valued at TZS 2,258 million (2021: TZS 2,510 million).

The lending to key management personnel includes lending to the Directors which were charged at market (commercial) interest rate.

(b) Deposits from related parties

GROUP	Directors and key Management personnel	
	2022 TZS' Millions	2021 TZS' Millions
Deposits at the beginning of the year	306	331
Deposits received during the year	13,519	8,087
Deposits repaid during the year	(9,881)	(8,112)
Deposits as at the end of the year	3,944	306
Interest expense	2	5

BANK	Directors and key Management personnel		Related companies	
	2022 TZS' Millions	2021 TZS' Millions	2022 TZS' Millions	2021 TZS' Millions
Deposits at the beginning of the year	306	331	1,367	5
Deposits received during the year	8,203	8,087	5,315	5,816
Deposits repaid during the year	(8,507)	(8,112)	(1,373)	(4,454)
Deposits as at the end of the year	2	306	5,309	1,367
Interest expense	2	5	-	-

The above deposits are unsecured, carry variable interest rate and are repayable on demand. Related companies included in this disclosure is Upanga Joint Venture Company Limited.

(c) Transactions and balances with Rabobank (GROUP AND BANK)

Based on the management service contract approved by the Board, a total of TZS 476 million (2021: TZS 1,942 million) was paid to Rabobank during the year as management and technical assistance expenses. Management fees payable as at year-end was TZS 142 million (2021: TZS 295 million).

Nostro balances with Rabobank at year-end amounted to TZS 16,744 million (2021: TZS 31,646 million). There was no inter-bank balance due to Rabobank as at year-end. The Bank did not incur any expenses which were refundable from Rabobank (2021: Nil).

41. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(d) Transactions and balances with Upanga Joint Venture (BANK)

During the year, the Bank incurred operating lease expenses amounting to TZS 5 billion (2021: TZS 5 billion) to Upanga Joint Venture Limited. As at 31 December 2022, the Bank had no prepaid rent (2021: Nil). Management of the Bank also received management fee amounting to TZS 27.65 million (2021: TZS 27.65 million). As at 31 December the balance payable to the Bank for the management fee amounted to TZS 138.2 million (2021: TZS 110.59 million).

The Bank occasionally settles expenses of Upanga Joint Venture Limited on their behalf. As at 31 December 2022, amount receivable by the Bank from its subsidiary totaled TZS 1.53 billion (2021: TZS 1.4 billion) whereas ECL was TZS 490 million (2021: TZS 222 million).

(e) Key management compensation

GROUP AND BANK)	2022 TZS' Millions	2021 TZS' Millions
Salaries and other short-term benefits	6,610	5,856
Post-employment benefits - defined contribution plan	669	629
	7,279	6,485

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% (2021: 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 1,940,532 million (2021: TZS 1,739,280 million). Interest earned from investment in government securities during the year was TZS 167,489 million (2021: TZS 132,495 million), Service fee earned from the government due to transactional services performed amounted to TZS 2,177 million (2021: TZS 743 million). For balances outstanding as at 31 December 2022 and 31 December 2021, Epected credit loss provided stood at TZS 882 million (2021: TZS 1,681 million). The Bank also accepts deposits from various Government institutions and agencies which do not attract interest.

(g) Directors' remuneration (GROUP AND BANK)

Fees and other emoluments paid to Directors of the Bank during the period amounted to TZS 752 million (2021: TZS 598 million). Details of payment to individual Directors will be tabled at the annual general meeting.

42. BANCASSURANCE

The revenue generated from bancassurance services for the year ended 31 December 2022 amounted to TZS 8,457 million (2021: TZS 4,186 million) while costs incurred amounted to TZS 58 million (2021: TZS 66 million) resulting to the net income of TZS 8,399 million (2021: TZS 4,120 million). The performance of bancassurance for the Group and Bank has been disclosed as part of net fees and commission income in note 10.

43. EVENTS AFTER THE REPORTING PERIOD

There were no events after the reporting period, not otherwise dealt with in these financial statements, that had material impact to the consolidated and Bank financial statements.



Company
Information

NOTICE OF THE 23RD ANNUAL GENERAL MEETING OF THE MEMBERS OF NMB BANK PLC

Notice is hereby given that the 23rd Annual General Meeting of NMB Bank Plc shareholders will be held online (virtually) on Friday 2nd June 2023 at 10.00 a.m. The agenda will be as follows:

- 23.1 NOTICE AND QUORUM
- 23.2 ADOPTION OF THE AGENDA
- 23.3 CONFIRMATION OF THE MINUTES OF THE 22nd ANNUAL GENERAL MEETING HELD ON 3rd JUNE 2022
- 23.4 MATTERS ARISING FROM THE PREVIOUS MEETING
- 23.5 TO RECEIVE, CONSIDER AND ADOPT THE DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2022
- 23.6 DIVIDEND DECLARATION FOR THE FINANCIAL YEAR 2022
- 23.7 TO RECEIVE AND APPROVE THE PROPOSAL FOR DIRECTORS' REMUNERATION
- 23.8 RESIGNATION AND APPOINTMENT OF DIRECTORS
- 23.9 TO RECEIVE AND APPROVE APPOINTMENT OF EXTERNAL AUDITORS FOR THE FINANCIAL YEAR 2023
- 23.10 ANY OTHER BUSINESS

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Network Distribution

DSM Zone				
Branch Name	Region	District	Street/ Road	Telephone
DSM Zone Office	Dar es Salaam	Ilala	Samora ave/Pamba road	022 2128685/4
Airport	Dar es Salaam	Ilala	Nyerere Road	022-232-4200
Bank House	Dar es Salaam	Ilala	Samora ave/Pamba Road	022-232-4128
Congo Street	Dar es Salaam	Ilala	Congo Street	022-232-4154
Gongo la Mboto	Dar es Salaam	Ilala	Nyerere Road	022-232-4160
Ilala	Dar es Salaam	Ilala	Uhuru road	022-232-4116
Kariakoo	Dar es Salaam	Ilala	Livingstone St	022-232-4112
Kariakoo Business Center	Dar es Salaam	Ilala	Mafia/Swahili street	
Kigamboni	Dar es Salaam	Kigamboni	Ferry street	022-232-4174
Kurasini	Dar es Salaam	Temeke	Engaruka	022-232-4166
Magomeni	Dar es Salaam	Kinondoni	Morogoro road	022-232-4108
Mandela Road	Dar es Salaam	Ilala	Mandela Rd, TOT Tabata area	022-232-4157
Mbagala	Dar es Salaam	Temeke	Kilwa road	022-232-4135
Mbezi	Dar es Salaam	Kinondoni	Bagamoyo Road	022-232-4163
Mbezi Louis	Dar es Salaam	Ubungo	Mbezi Louis area opp. Old Morogoro road	022-232-4212
Mlimani City	Dar es Salaam	Kinondoni	Sam Nujoma road	022-232-4120
Morogoro Road	Dar es Salaam	Ilala	Morogoro road/ Mshihiri	022-232-4104
Msasani	Dar es Salaam	Kinondoni	Kimweri Avenue	022-232-4190
Muhimbili	Dar es Salaam	Ilala	Kalenga	022-232-4141
Mwenge	Dar es Salaam	Kinondoni	Afrikasana road	022-232-4184
Ohio	Dar es Salaam	Ilala	Ohio/Ali Hassan Mwinyi	022-232-2726
Oysterbay	Dar es Salaam	Kinondoni	Haile Selassie/Ali bin Said road	022-232-4147
Sinza	Dar es Salaam	Kinondoni	Shekilango Road/Sinza Mori	022-232-4187
Tandika	Dar es Salaam	Temeke	Bus stand, Ugweno Street	022-232-4194
Tegeta	Dar es Salaam	Kinondoni	Bagamoyo Road	022-232-4132
Temeke	Dar es Salaam	Temeke	Temeke street/Mbagala road	022-232-4100
TPA Bandari	Dar es Salaam	Temeke	TPA, Mandela Rd	022-232-4126
Ubungo	Dar es Salaam	Kinondoni	Morogoro road	022-232-4203
University	Dar es Salaam	Kinondoni	University road	022-232-4168

Branch Name	Region	District	Street/ Road	Telephone
Bagamoyo	Pwani	Bagamoyo	Bank street	022-232-4267
Chalinze	Pwani	Bagamoyo	Chalinze-Dar RD, Chalinze area	022-232-4227
Kibaha	Pwani	Kibaha	Maili moja- mkoani	022-232-4261
Kibiti	Pwani	Rufiji	Lindi-kibiti rd	022-232-4273
Kisarawe	Pwani	kisarawe	Sokoni	022-232-4264
Mafia	Pwani	Mafia	Kilindoni	022-232-4197
Mkuranga	Pwani	Mkuranga	Bank street	022-232-4270
Mlandizi	Pwani	Kibaha	Morogoro road, Mlandizi stand	022-232-4276
Chakechake	Kusini Pemba	Chakechake	Msingini	022-232-4144
Mwanakwerekwe	Mjini Magharibi	Magharibi	Mwanakwerekwe street	022-232-4181
Zanzibar	Mjini Magharibi	Mjini	Darajani	022-232-4207

Central Zone				
Branch Name	Region	District	Street/ Road	Telephone
Central Zone Office	Dodoma	Dodoma	PSPF building, 18 Jakaya Kikwete rd, adjacent to BOT	026 2322260
Bahi	Dodoma	Bahi	Mission street/Bahi Distr. Building	022-232-4054
Bunge	Dodoma	Dodoma	Parliament Grounds, Makole	022-232-4009
Chamwino	Dodoma	Chamwino	Chamwino Ikulu/Chamwino Distr. Building	022-232-4051
Dodoma	Dodoma	Dodoma	One Way / Kuu Street	022-232-4060
Kambarage	Dodoma	chamwino	PSPF building, 18 Jakaya Kikwete rd, adjacent to BOT	022-232-4072
Kibaigwa	Dodoma	Kongwa	Dodoma Highway	022-232-4018
Kondoa	Dodoma	Kondoa	Chem Chem	022-232-4024
Kongwa	Dodoma	Kongwa	Dodoma Road	022-232-4012
Makole Business Center	Dodoma	Dodoma	Kuu Street / Nyerere rd	022-232-4066
Mazengo	Dodoma	Dodoma	Kuu Street	022-232-4063
Mpwapwa	Dodoma	Mpwapwa	Post Office Area	022-232-4015
UDOM	Dodoma	Dodoma	Nyerere	022-232-4006



Branch Name	Region	District	Street/ Road	Telephone
Gairo	Morogoro	Gairo	Morogoro Road Gairo area	022-232-4279
Ifakara	Morogoro	Kilombero	Nduna street	022-232-4243
Kilombero	Morogoro	Kilosa	Kidodi	022-232-4240
Kilosa	Morogoro	Kilosa	Jamhuri	022-232-4252
Mahenge	Morogoro	Ulanga	Kilosa Rd	022-232-4246
Malinyi	Morogoro	Malinyi	Madaraka rd - Misegese area near Malinyi DC offices	022-232-4519
Mlimba	Morogoro	Kilombero/ Mlimba	Mlimba A, Kituo cha afya road	022-232-4294
Morogoro Business Center	Morogoro	Morogoro MC	Madaraka street Opp. Morogoro MC building	022-232-4282
Mount Uluguru	Morogoro	Morogoro MC	Masika area	022-232-4237
Msamvu	Morogoro	Morogoro MC	LAPF Building /Msamvu Bus Terminal	022-232-4257
Mvomero	Morogoro	Mvomero	Dakawa	022-232-4255
SUA	Morogoro	Morogoro MC	SUA Main Campus - Administrative area	022-232-4231
Turiani	Morogoro	Mvomero	Madizini	022-232-4249
Wami	Morogoro	Morogoro MC	Uhuru street	022-232-4231
Ikungi	Singida	Ikungi	Opp. Ikungi District council's building	022-232-4057
Itigi	Singida	Manyoni	Majengo	022-232-4027
Kiomboi	Singida	Iramba	Karume/Thomas Mussa	022-232-4048
Manyoni	Singida	Manyoni	Kipondoa Dodoma - Singida Rd	022-232-4045
Mitundu	Singida	Manyoni - Itigi	Mitundu bus stand	022-232-4029
Mkalama	Singida	Mkalama	Nduguti	022-232-4069
Singida	Singida	Singida MC	Majengo/Karume Road	022-232-4042
Babati	Manyara	Babati TC	Police Line	022-232-4003
Haydom	Manyara	Mbulu	Hydom Old bus stand street	022-232-4033
Katesh	Manyara	Hanang	Machakos	022-232-4039
Kibaya	Manyara	Kiteto	Bomani	022-232-4021
Mbulu	Manyara	Mbulu	Karatu Road	022-232-4030
Mirerani	Manyara	Simanjiro	Kisimani opp police station	022-232-4751
Simanjiro	Manyara	Simanjiro	Boma	022-232-4036

Nothern Zone

Branch Name	Region	District	Street/ Road	Telephone
Nothern Zone Office	Arusha	Arusha	Sokoine road/Joel Maeda St	027 2508516
Arusha Business Center	Arusha	Arusha	Makongoro Road	022-232-4942
Arusha Market	Arusha	Arusha	Martin Road	022-232-4945
Clock Tower	Arusha	Arusha	Sokoine road/Joel Maeda Street	022-232-4948
Karatu	Arusha	Karatu	Ngorongoro Road	022-232-4724
Loliondo	Arusha	Ngorongoro	Loliondo	022-232-4721
Monduli	Arusha	Monduli	Boma Road	022-232-4718
Mto wa Mbu	Arusha	Monduli	Along ngorongoro road/mto wa mbu	022-232-4790
Namanga	Arusha	Longido	Eworendeke	022-232-4784
Ngaramtoni	Arusha	Meru	Ngaramtoni town - along Namanga/Nairobi rd	022-232-4987
Ngarenaro	Arusha	Arusha	Sokoine Road	022-232-4990
Usa River	Arusha	Meru	Arusha/Himo Road	022-232-4939
Kwa Mrombo	Arusha	Arusha	Kwa Mrombo Market	022-232-2997
Hai	Kilimanjaro	Hai	Moshi/Arusha Road	022-232-4743
Hedaru	Kilimanjaro	Same	Hedaru A	022-232-4762
Himo	Kilimanjaro	Moshi DC	Himo/Marangu Road	022-232-4720
Holili	Kilimanjaro	Rombo	Holili border post - Tanzania&Kenya	022-232-4921
Mawenzi	Kilimanjaro	Moshi MC	Rengua	022-232-4963
Mbuyuni	Kilimanjaro	Moshi MC	Mbuyuni	022-232-4817
Mwanga	Kilimanjaro	Mwanga	C.D Msuya	022-232-4727
Nelson Mandela	Kilimanjaro	Moshi MC	Market	022-232-4776
Rombo	Kilimanjaro	Rombo	Rombo Mkuu	022-232-4994
Same	Kilimanjaro	Same	Bank/Posta	022-232-4996
Siha	Kilimanjaro	Siha	Sanya Juu area	022-232-4748
Tarakea	Kilimanjaro	Rombo	Moshi/Arusha Road	022-232-4745
Bumbuli	Tanga	Lushoto	Kwemuae, Bumbuli	022-232-4757
Handeni	Tanga	Handeni	Kondoa Road	022-232-4951
Kilindi	Tanga	Kilindi	Songe	022-232-4954
Korogwe	Tanga	Korogwe TC	DSM-Arusha Road	022-232-4947
Lushoto	Tanga	Lushoto	Main Road	022-232-4903
Madaraka	Tanga	Tanga	Market/Clock Tower Street	022-232-4960
Mkata	Tanga	Handeni	Mkata kwavunde - along highway of Dsm - Tanga	022-232-4763
Mkinga	Tanga	Mkinga	Mkinga District Council offices	022-232-4716
Mombo	Tanga	Korogwe	Lushoto Road	022-232-4901
Muheza	Tanga	Muheza	Posta	022-232-4981
Pangani	Tanga	Pangani	Usalama Street	022-232-4736
Ngamiani	Tanga	Tanga	Ngamiani	022-232-4953



Highlands Zone				
Branch Name	Region	District	Street/ Road	Telephone
Highlands Zone Office	Mbeya	Mbeya urban	Mbalizi Road	025 2504347
Busokelo	Mbeya	Busokelo	Busokelo district council	025 2552253
Chunya	Mbeya	Chunya	Mbeya -Tabora	022-232-4325
Kasumulu	Mbeya	Kyela	Highway road to Malawi/ Ngisi str.	022-232-4374
Kyela	Mbeya	Kyela	Mbondeni A	022-232-4344
Mbalizi Road	Mbeya	Mbeya City Council	Mbalizi Road	022-232-4334
Mbarali	Mbeya	Mbarali	Ihanga	022-232-4322
Mwanjelwa	Mbeya	Mbeya CC	Tunduma Road	022-232-4341
Tukuyu	Mbeya	Rungwe	Bomani	022-232-4395
Uyole	Mbeya	Mbeya DC	Uyole Industrial / Uyole stand	022-232-4359
Ilula	Iringa	Kilolo	Mtua	022-232-4362
Kilolo	Iringa	Kilolo	Luganga	022-232-4304
Mafinga	Iringa	Mafinga TC	Mbeya/Songea Road	022-232-4307
Mkwawa	Iringa	Iringa	Uhuru /Dodoma road	022-232-4300
Ruaha	Iringa	Iringa town	Miomboni	022-232-4389
Majimoto	Katavi	Mpimbwe	Majimoto ward, Migunga str. Kibaoni/Inyonga rd	022-232-4841
Mlele	Katavi	Mlele	Inyonga / Mlele DC	022-232-4353
Mpanda	Katavi	Mpanda TC	Madukani Road	022-232-4350
Ludewa	Njombe	Ludewa	Kanisa	022-232-4316
Makambako	Njombe	Makambako	Songea Rd	022-232-4310
Makete	Njombe	Makete	Makete Rd	022-232-4319
Njombe	Njombe	Njombe TC	Songea Road	022-232-4313
Wanging'ombe	Njombe	Wang-ing'ombe	Igwachanya	022-232-4378
Kalambo	Rukwa	Kalambo	Kalambo District council	022-232-4356
Laela	Rukwa	Sumbawanga	Nkusa - sumbawanga to mbeya road	022-232-4380
Nkasi	Rukwa	Nkasi	Soko Kuu	022-232-4368
Sumbawanga	Rukwa	Sumbawanga	Mbeya Road	022-232-4392
Ileje	Songwe	Ileje	Rungwa 'A'	022-232-4371
Mbozi	Songwe	Mbozi	Independence	022-232-4383
Mkwajuni	Songwe	Songwe	Mwambani road - Kona ya Mbeya	022-232-4386
Mlowo	Songwe	Mbozi	Tunduma Rd, Mlowo centre	022-232-4365
Tunduma	Songwe	Tunduma	Zambia Road	022-232-4398
Usongwe	Songwe	Songwe	Tunduma road	022-232-4347

Lake Zone				
Branch Name	Region	District	Street/ Road	Telephone
Lake Zone Office	Mwanza	Nyamagana	Kenyatta Road	028 2500867
Buzuruga	Mwanza	Mwanza Nyamagana	Musoma Rd	022-232-4440
Igoma	Mwanza	Nyamagana	Musoma Rd / Kwa Gachuma	022-232-4555
Ilemela	Mwanza	Ilemela	Ardhi street at Ilemela DC offices	022-232-4552
Kenyatta Road	Mwanza	Nyamagana	Kenyatta Road	022-232-4513
Magu	Mwanza	Magu	Bank Street	022-232-4523
Misungwi	Mwanza	Misungwi	Shinyanga Road	022-232-4526
Mwanza Business Center	Mwanza	Nyamagana	Kenyatta Road	022-232-4455
Nansio	Mwanza	Ukerewe	Boma Road	022-232-4529
Ngudu	Mwanza	Kwimba	Kakola	022-232-4532
Pamba	Mwanza	Nyamagana	Pamba Road	022-232-4466
Rock City	Mwanza	Ilemela	Ghana street/Airport Road	022-232-4469
Sengerema	Mwanza	Sengerema	Bank Street	022-232-4540
Buhongwa	Mwanza	Nyamagana	Buhongwa	022-232-3340
Bukombe	Geita	Bukombe	Ushilombo	022-232-4600
Chato	Geita	Chato	Bukoba road	022-232-4443
Geita	Geita	Geita	Street Bank	022-232-4510
Katoro	Geita	Geita	Stamico street	022-232-4480
Mbogwe	Geita	Mbogwe	Masumbwe	022-232-4600
Nyang'hwale	Geita	Nyang'hwale	Kharumwa Msalala -Butalan- da str.	022-232-4431
Biharamulo	Kagera	Biharamulo	Mankorongo	022-232-4543
Kabanga	Kagera	Ngara	Nzaza, TRA Burundi border	022-232-4558
Kaitaba	Kagera	Bukoba	Junction of Uganda/Muun- gano Road	022-232-4546
Kayanga	Kagera	Karagwe	Bomani	022-232-4445
Kyerwa	Kagera	Kyerwa	Kyerwa District council	022-232-4433
Misenyi	Kagera	Misenyi	Kyaka	022-232-4498
Mtukula	Kagera	Misenyi	Mtukula TRA building / border	022-232-4434
Muleba	Kagera	Muleba	Nyerere	022-232-4451
Ngara	Kagera	Ngara	Nyerere Road	022-232-4549
Nkwenda	Kagera	Kyerwa	Nkwenda/ kaisho road	022-232-4492
Rusumo	Kagera	Ngara	Kagera / Rwanda border	022-232-4483
Bunda	Mara	Bunda	Bank St	022-232-4501
Butiama	Mara	Musoma DC	Muhunda Street	022-232-4437

Branch Name	Region	District	Street/ Road	Telephone
Nyamongo	Mara	Tarime	Bom gate	022-232-4460
Old Musoma	Mara	Musoma MC	Nyerere Road	022-232-4463
Rorya	Mara	Rorya	Shirati	022-232-4495
Rorya District Council	Mara	Rorya	Ingri juu	022-232-4477
Sirari	Mara	Tarime	Forodhani, border of Tanzania -Kenya	022-232-4489
Tarime	Mara	Tarime	Bank Street	022-232-4507

Western Zone

Branch Name	Region	District	Street/ Road	Telephone
Western Zone Office	Tabora	Tabora	Jamhuri	026 2606424
Igunga	Tabora	Igunga	Bank	022-232-4618
Kaliua	Tabora	Kaliua	Ushokora, Kigoma highway	022-232-4609
Mihayo	Tabora	Tabora	Jamhuri	022-232-4651
Nkinga	Tabora	Igunga	Nkinga bus stand	022-232-4666
Nzega	Tabora	Nzega	Bank st	022-232-4645
Sikonge	Tabora	Sikonge	Police Line Mbeya -Tabora Rd	022-232-4654
Urambo	Tabora	Urambo	Boma Village	022-232-4657
Kakonko	Kigoma	Kakonko	Kanyomvi Road	022-232-4621
Kasulu	Kigoma	Kasulu TC	Kigoma Road	022-232-4606
Kibondo	Kigoma	Kibondo	Boma	022-232-4624
Kigoma	Kigoma	Kigoma-Ujiji MC	Kigoma	022-232-4612
Uvinza	Kigoma	Uvinza	Lugufu - at Uvinza DC buildings	022-232-4648
Kahama	Shinyanga	Kahama	Lumelezi	022-232-4603
Kahama Business Center	Shinyanga	Kahama	Nyasubi area along Isaka road	022-232-4663
Kishapu	Shinyanga	Kishapu	Mwasele "B"	022-232-4627
Maganzo	Shinyanga	Kishapu	Masagala	022-232-4642
Manonga	Shinyanga	Shinyanga	Uhuru	022-232-4630
Mwadui	Shinyanga	Kishapu	Sekoture	022-232-4636
Mwanhuzi	Shinyanga	Meatu	Bank	022-232-4639

Branch Name	Region	District	Street/ Road	Telephone
Bariadi	Simiyu	Bariadi	Bank	022-232-4615
Busega	Simiyu	Busega	Main road of Mwanza-Mu-soma	022-232-4523
Itilima	Simiyu	Itilima	Itilima District Council's building	022-232-4660
Maswa	Simiyu	Maswa	Uhuru	022-232-4633

Southern Zone

Branch Name	Region	District	Street/ Road	Telephone
Southern Zone Office	Mtwara	Mtwara Mikindani	Tanu road	023 2334020
Masasi	Mtwara	Masasi TC	Masasi Road	022-232-4809
Mtwara	Mtwara	Mtwara MC	Vigaeni / Sinani - PPF Plaza	022-232-4800
Mtwara Business Center	Mtwara	Mtwara MC	Tanu road	022-232-4851
Nanyumbu	Mtwara	Nanyumbu	Kilimani Hewa	022-232-4812
Newala	Mtwara	Newala	Nangwala	022-232-4803
Tandahimba	Mtwara	Tandahimba	Mji Mpya	022-232-4806
Kilwa Masoko	Lindi	Kilwa	Kilwa Road	022-232-4821
Lindi	Lindi	Lindi	Bima Street	022-232-4818
Liwale	Lindi	Liwale	Nachingwea Road	022-232-4824
Nachingwea	Lindi	Nachingwea	Government Road	022-232-4830
Ndanda	Lindi	Masasi DC	Masasi Road	022-232-4815
Ruangwa	Lindi	Ruangwa	Bomani	022-232-4827
Litembo	Ruvuma	Mbinga	RC Mission	022-232-4843
Madaba	Ruvuma	Songea DC	Mkwera- Mtepa	022-232-4854
Mbinga	Ruvuma	Mbinga	Nyerere road	022-232-4845
Namtumbo	Ruvuma	Namtumbo	Tunduru Rd	022-232-4839
Nyasa	Ruvuma	Nyasa	Likwilu str. near DC office	022-232-4848
Songea	Ruvuma	Songea MC	Sokoine/Market	022-232-4833
Tunduru	Ruvuma	Tunduru	Masasi - Songea Road	022-232-4836





NMB Bank PLC

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