



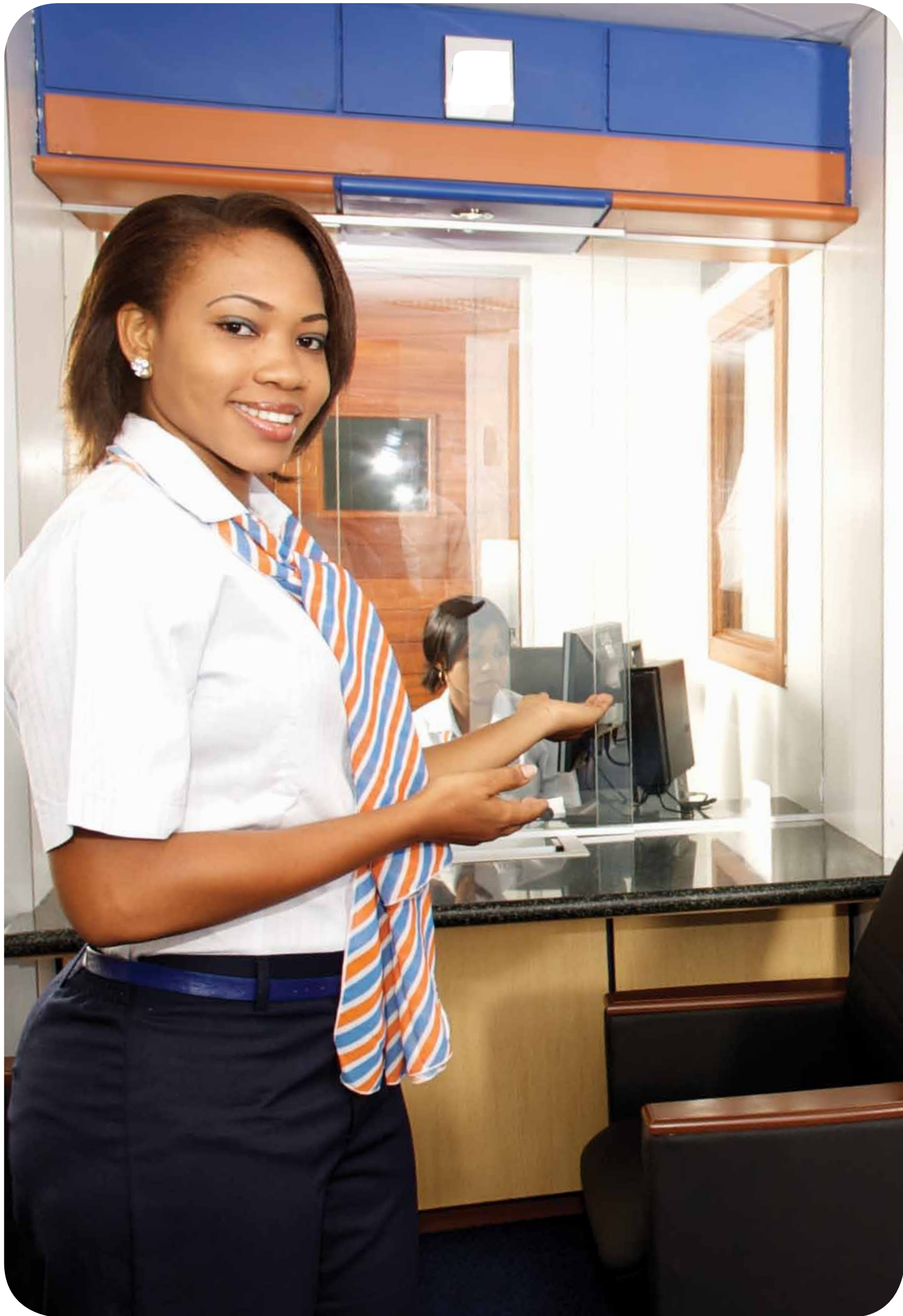
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National Microfinance Bank Plc 2010

ANNUAL REPORT

TAARIFA YA MWAKA

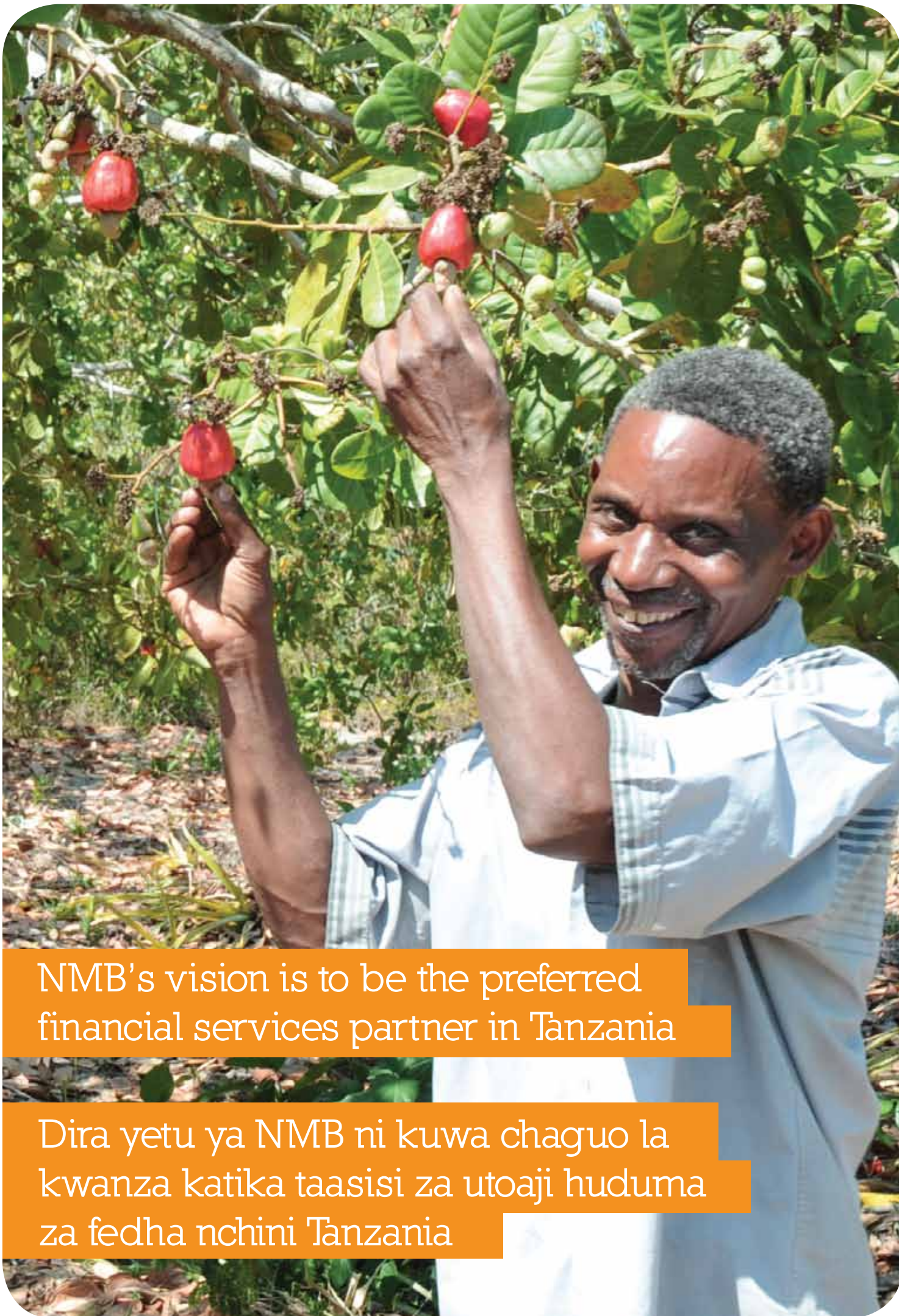




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NMB's vision is to be the preferred financial services partner in Tanzania

Dira yetu ya NMB ni kuwa chaguo la kwanza katika taasisi za utoaji huduma za fedha nchini Tanzania

1 OUR MISSION

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

KAULI MBIU

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

NMB VALUES

WHAT DRIVES US

Eagerness

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

Ownership

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

WHAT BINDS US

Customer focus

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

Teamwork

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

WHAT GUIDES US

Integrity

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

Compliance

We have full knowledge and understanding of our obligations. We always comply with internal and external regulations and act in line with the established codes of conduct. If we are not able to comply, we escalate the issue internally. We act as professionals and take full responsibility for mandatory controls.

MWONGOZO WETU

KINACHOTUSUKUMA

Ari

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

Umiliki

Tunatambua majukumu ya kazi zetu za kila siku hivyo tunapangilia kazi zetu katika mpango sahihi na hatutachoka mpaka kufikia malengo yetu. Pia tunachukua majukumu ya usafi na mazingira salama kwa ujumla bila kujali eneo tunalofanya kazi.

KINACHOTUUNGANISHA

Tunamlenga Mdau

Tunalenga kukidhi mahitaji ya wadau wetu wa ndani na wa nje kwa kuwapa ushirikiano ili kukidhi matarajio yao, kutekeleza kile kinachotakiwa na kuangalia mafanikio baadae. Tunatambua sikuzote tunatakiwa kuwa mabalozi wa huduma zetu na bila kusahau wateja wetu ndio wanao tulipa mshahara yetu.

Ushirikiano Wetu

Kazi yetu haijaisha ikiwa bado tunaweza kusaidia wenzetu. Tunashirikiana na tuna ari ya kujifunza mbinu mpya na sahihi kwani tuko tayari kupokea maoni kutoka kwa wadau. Pia tunatoa na kupokea taarifa muhimu kwa njia iliyo sahihi. Tunajiona wote ni sehemu ya familia ya NMB na tunasheherekea mafanikio yetu pamoja.

KINACHOTULINDA

Uaminifu

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

Utamilifu

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

2 HISTORY & OWNERSHIP

HISTORIA NA UMILIKI

History

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

It was established under the National Microfinance Bank Limited Incorporation Act of 1997. This followed the break-up of the old National Bank of Commerce by an Act of Parliament. Three new entities were created at this time: NBC Holdings Limited, National Bank of Commerce Limited and National Microfinance Bank Limited.

Initially, NMB only provided payment services and savings accounts, with limited lending capabilities, before becoming a fully-fledged universal retail bank.

In 2005, the Government of the United Republic of Tanzania privatised the bank when it sold part of its shareholding (49%) to a consortium led by the Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. ('Rabobank Group'), which included National Investment Company Limited (NICOL), Exim Bank Tanzania Limited and TCCIA Investment Company Limited.

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

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

Our customers

Our customer base remains representative of Tanzania as a whole and includes government, civil servants, large corporations, SMEs and micro enterprises, agriculture clients including small-scale farmers, microfinance institutions and the Tanzanian public, in both rural and urban areas. We use our widespread distribution network to reach our customers and we are a key player in improving financial inclusion in Tanzania

Our people

Our staff, over 2,600 of them, are also shareholders in NMB and together with their families have a direct interest and stake in our long-term success. Local employees own 16,098,200 or 3.2% of the bank's shares.

Historia

National Microfinance Bank Plc (NMB) ni miongoni mwa Benki kubwa za biashara hapa Tanzania, inayotoa huduma kwa wateja binafsi, wateja wadogo, wateja wakati, wateja wajumla pamoja na kwa biashara kubwa.

Ilianzishwa chini ya Sheria ya Bunge ya "National Microfince Bank Limited" ya mwaka 1997, kufuatia kuvunjwa kwa iliyokuwa Benki ya Taifa ya Biashara kwa mujibu wa sheria ya Bunge. Kwa wakati huo taasisi tatu ziliundwa ambazo ni NBC Holding CorporationLtd, NBC (1997) na National Microfinance Bank Limited.

Mwanzoni, NMB ilikuwa ikitoa huduma za malipo, na akaunti za akiba tu kabla ya kupanua huduma zake na kuwa benki ya biashara ya kawaida.

Mwaka 2005, Serikali ya Jamhuri ya Muungano wa Tanzania ilibinafsisha benki wakati ilipouza asilimia arobaini na tisa (49%) ya sehemu ya hisa ilizomiliki kwa Ushirika uliokuwa ukiongozwa na Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. ('Rabobank Group'), inayojumuisha Kampuni ya Uwekezaji ya Taifa (NICOL), Exim Bank Tanzania Limited na Kampuni ya Uwekezaji TCCIA.

Kwa mara nyingine, Mwaka 2008 Serikali ya Tanzania iliopunguza tena asilimia ishirini na moja (21%) ya hisa zake kwa kuziua kwa mara ya kwanza kwa umma wa watanzania (Initial Public Offering).

Wateja wetu

Msingi mkuu wa wateja wa NMB umebaki kuwa uwakilishi wa watanzania kwa ujumla wao pamoja na Serikali, Watumishi wa Umma, Mashirika Makubwa, wateja wadogo na wakati, wateja wakati na wakubwa, wakulima ikijumuisha pia wakulima wadogo na taasisi ndogo ndogo za fedha, pamoja na umma wa watanzania waishio vijijini na mijini. NMB inategemea mtandao wake mpana wa utoaji huduma unawezesha kuwafikia wateja wake na ni kigezo kimojawapo cha kufanya watanzania kupata huduma za kifedha.

Wafanyakazi

Wafanyakazi wetu, takribani 2,600 ni wanahisa wa NMB na wao pamoja na familia zao wana masilahi ya moja kwa moja na ni sehemu ya mafanikio ya muda mrefu ya NMB.

OWNERSHIP STRUCTURE

The current shareholding split, as of 31st December 2010, is as follows:

Shareholder	Number of shares held	Percentage of shares held
CoöperatieveCentraleRaiffeisen-Boerenleenbank B.A "Rabobank Nederland" (Rabobank)	174,500,000	34.9%
Treasury Registrar	158,901,800	31.8%
Public Shareholders (including employees)	101,941,339	20.4%
National Investment Company Limited (NICOL)	33,000,000	6.6%
Exim Bank Tanzania Limited	22,975,904	4.6%
TCCIA Investment Company Limited	8,680,957	1.7%
TOTAL	500,000,000	100%

MFUMO WA UMILIKI HISA

Mgawanyo wa umiliki hisa kama tarehe 31 Desemba 2010, ni kama ifuatavyo:

Jina la Mwanahisa	Idadi ya Hisa wanazomiliki	Asilimia ya Hisa wanazomiliki
CoöperatieveCentraleRaiffeisen-Boerenleenbank B.A "Rabobank Nederland" (Rabobank)	174,500,000	34.9%
Msajili wa Hazina	158,901,800	31.8%
Hisa za Umma	101,941,339	20.4%
Kampuni ya Uwekezaji ya Taifa (NICOL)	33,000,000	6.6%
Exim Bank Tanzania Limited	22,975,904	4.6%
Kampuni ya Uwekezaji TCCIA	8,680,957	1.7%
JUMLA	500,000,000	100%

3 UPDATE PRODUCTS & OPERATIONS TAARIFA YA BIDHAA NA UENDESHAJI

Wholesale Banking Activities

Our wholesale banking activities are organised around dedicated teams focused on specific segments, including large corporate and government entities, which are supported by specialist product offerings. Our customer coverage teams operate from our headquarters in Dar es Salaam, services are delivered throughout our branch network. Our customers use a broad mix of our products including lending, liquidity and transactional solutions.

Our Corporate Banking team has continued to grow its share of the country's top customers. This is thanks to our large capital base and our ability to provide payment and collection solutions nationwide, through the country's largest branch network and through the innovative use of technology. The corporate customer base includes large agribusiness related entities, including primary farming entities and food processors as well as companies in such sectors as telecoms, commodity trading, commerce and industry.

Government entities, central, local and parastatal enterprises, remain an important customer segment for us. We are focused on offering efficient transactional solutions, including payroll, nationwide collection of revenues and social payments. We will continue to strengthen the team supporting our government related business and will continue to rollout new tailor-made electronic solutions to our government customers. The operation of the agricultural voucher scheme has made significant productivity gains and we are making similar progress on payroll solutions for government and civil servants.

Specialised products such as treasury and trade finance

Wateja Wajumla

Biashara ya kibenki kwa ajili ya wateja wetu wajumla inaendeshwa na timu maalum zinazojituma huku zikilenga makundi maalum yakiwemo wateja wajumla, Serikali na Taasisi zake ambapo imepewa huduma mahususi kulingana na biashara zao. Huduma mahususi kwa wateja hawa hutolewa katika vitengo vyetu maalumu katika idara zetu za makao makuu na baadhi ya matawi yaliyoteuliwa kutoa huduma hizi kwenye mtandao wa NMB. Wateja wetu hupatiwa mchanganyiko wa huduma za kibenki ikiwa ni pamoja na kuhakikisha kwamba tumekidhi mahitaji yao ya ukwasi na huduma za kibenki.

Timu yetu kwa ajili ya kutoa huduma kwa wateja wajumla, imefanikiwa kuongeza wateja wajumla ikizingatia uwezo wa mtandao wetu wa matawi, mtaji wa kuendeshea biashara, uwezo wa kuweza kukusanya na kulipa fedha kupitia mtandao wa matawi na pia ubunifu wetu kitekinolojia. Wateja wetu wajumla ni pamoja na biashara kubwa za kilimo, taasisi za msingi za kilimo na za usindikaji wa chakula. Vilevile kuna makampuni ya simu, wachuuzi wa mazao, biashara na viwanda.

Biashara kwa Serikali, ambayo inajumuisha Serikali Kuu na taasisi zake, Serikali za Mitaa na Taasisi zake na Idara za Serikali na Mashirika ya Umma imeendelea kuwa muhimu. Huduma na bidhaa wanazopata kupitia benki hii ni huduma zote za kibenki, ulipaji wa mishahara ya wafanyakazi wa serikali, ulipaji wa wastaafu na ukusanyaji wa mapato ya Serikali kwenye nyanja zote. Tutaendelea kuongeza nguvu kwenye timu inayohusika kutoa huduma za kibenki kwa Serikali, pia tutaendelea kufanya maboresho ya utoaji huduma kwa kutumia teknolojia ya kisasa. Kwa upande wa vocha za pembejeo tumefanya maboresho

The operation of the agricultural voucher scheme has made significant productivity gains and we are making similar progress on payroll solutions for government and civil servants.

continue to make progress, along with the SME, corporate and agricultural segments, and have considerable scope for further growth.

Retail Banking Services

Personal banking activities remain the mainstay of our business and mission. With over 1.4 million customers, the bank continues to grow rapidly, in terms of both volume and value of transactions. Of all Tanzanians who hold a bank account, over 40% bank with NMB, and their number is growing.

Our core current and savings account offering is lifecycle driven and includes products such as Junior, Student, Bonus and Wisdom accounts. Our transactional product offering is increasingly electronic and over 1 million of our customers now hold and use an NMB ATM card, which can be used in over 380 NMB ATMs.

Over 400,000 customers are now also registered and using our highly successful mobile banking offering, which records over 2.8 million transactions per month. Also, thanks to the integration of our solution with all the leading mobile network operators and other utilities our customers can use the service to purchase airtime, electricity or water.

The take up of mobile banking and card driven products continues to grow strongly. This is contributing to a reduction in manual transaction processing at branch level, providing relief to congestion experienced in some of the branches.

Besides transactional solutions, the bank is also a major retail lender, primarily in the form of salaried workers loans. Our retail lending book of over TZS 430 billion represents about 54% of our total lending activities.

We also deliver retail financial solutions to agribusinesses and MSMEs nationwide, supported by dedicated industry teams headquartered in Dar es Salaam.

Our Agribusiness Team works with outgrowers and cooperatives, through whom we have reached over 500,000 individual small scale farmers in alignment with the nation's Kilimo Kwanza initiative. Our network has also enabled us to work with Government on the nationwide agricultural voucher scheme, which is contributing to increased agricultural productivity. Our products include seasonal and investment finance, warehouse receipt financing and other solutions for farmers and traders of Tanzania's leading commodities including

makubwa ya kitekinolojia na tunafanya hivyo hivyo pia kwenye malipo mengine ya serikali katika ulipaji wa mishahara ya watumishi wa Serikali.

Katika vitengo vyetu vya Hazina pamoja na Biashara ya kimataifa tumefanya maboresho ya msingi ili viendeele kuhudumia vizuri wateja wetu wanaoshughulika na biashara za kati, wateja wajumla na wanaoshughulika na kilimo. Tumeweza kuongeza aina za bidhaa zinazotolewa na kumekuwa na ongezeko la wateja waliopo na wapya kwenye eneo hili.

Wateja Wadogo na wa Kati

Wateja wadogo ni muhimu ukizingatia biashara na dira ya Benki hii. Tuna wateja zaidi ya milioni moja na laki nne ambapo benki inaendelea kukua kwa kiwango cha biashara na kwa thamani. Ukichukua idadi ya watanzania wote wenye akaunti benki zaidi ya asilimia 40 wana akaunti NMB na idadi yao inazidi kuongezeka.

Mpango wetu wa akaunti za Hundi na za Akiba ambao unatumika katika mzunguko wa maisha ya kawaida ambapo huduma za akaunti za 'Junior', 'Bonus', na 'Wisdom' umeendelea kuboreshwa kitekinolojia. Wateja zaidi ya milioni moja wana kadi za kuchukulia fedha kwenye mashine zetu za kutolea fedha zipatazo zaidi ya 380 nchi nzima.

Tuna wateja zaidi ya 400,000 ambao wamejisajili na huduma za benki kupitia simu za mkononi na wamefanikiwa kwa kiasi kikubwa katika kutumia huduma hii. Maingizo ya kibiashara ya wateja wanaotumia huduma hii yamefikia zaidi ya milioni 2.8 kwa mwezi. Pia tunashukuru kwa kuunganisha huduma zetu na makampuni makubwa ya simu za mkononi kwa kununua muda wa hewani wa maongezi pia na kampuni zinazotoa huduma za umeme au maji.

Utumiaji huu wa huduma za kibenki kupitia simu za mkononi ukiendeshwa sambamba na huduma zinazotumia kadi za kuchukulia fedha kwenye mashine imepunguza kazi na muda mwingi wa wafanyakazi kwenye matawi kwa kufanya huduma ziende kwa haraka na kupunguza msongamano.

Benki pia inatoa huduma za mikopo kwa wateja wadogo na wa kati, kimsingi hasa wale wanaolipwa mishahara. Wateja wetu wadogo na wa kati wamekopa zaidi ya Shilingi bilioni 430 ambayo ni asilimia 54 ya jumla ya mikopo yote iliyokopeshwa.

Pia benki inatoa huduma za kifedha kwenye sekta ya biashara za kilimo na mikopo kwa wateja wadogo na wa kati

coffee, cashew nuts, cotton, sesame and other crops.

We also build partnerships to provide extension services and are actively involved with the Alliance for Green Revolution in Africa (AGRA) and the Financial Services Deepening Trust (FSDT). Together we aim to improve financial access in agriculture. Our credit facilities include microfinance loans for the purchase of farming implements.

Our MSME team is focused on delivering standardised financial solutions to the MSME segment through our branches. We also provide them with support with training and networking opportunities through dedicated NMB Business Clubs in key locations.

The MSME team also cooperates with large corporates to offer financial solutions to their suppliers and distributors. We aim to support the corporate value chain, all the way down to the local entrepreneur.

Special SME loan facilities have been designed in partnership with organisations such as the Small Industry Development Organisation (SIDO), Business Development Gateway and others.

Support Services

At the core of our future developments is our intention to move to a new operating system platform. In 2009 a choice was made to upgrade to a new platform, to ensure that we could accommodate the continued growth in customer and transaction volume and to offer flexibility in the design of new products aligned with customer needs. Significant resources, both financial and human, are being invested in creating an environment that will ensure that the switchover to the new system will provide important medium term gains with minimal short-term impact on the customer.

The ICT division's role includes the day-to-day management of the Information and Communication Technology environments and to ensure adequate uptimes of all our systems. They are responsible for delivering solutions and improvements based on the operational needs of our customers (such as electronic payroll solutions, or mobile banking) and our need for improved efficiency.

Other initiatives to improve our internal environment include the rollout of new procurement and HR systems. To ensure security and stability of our systems, two powerful new servers were installed to create an identical environment at our back up site, thus allowing us to continue operating in the unlikely event of a catastrophic incident.

A variety of units provide other operational and logistical support to the rest of the bank. These include the Properties

nchi nzima ikihudumiwa na wataalamu wetu walioko Makao Makuu Dar Es Salaam.

Timu yetu ya Idara ya Biashara za Kilimo inafanya kazi kwa ukaribu na wakulima na Vyama vya Ushirika na imeweza kuwafikia wakulima wadogo zaidi ya 500,000 wanaotekeleza sera ya taifa ya kilimo kwanza. Mtandao wetu wa matawi umetuwezesha kufanya kazi pamoja na serikali kwenye mfumo mzima wa usambazaji wa vocha za pembejeo nchini ambao umeongeza ufanisi kwenye uzalishaji wa mazao. Bidhaa zetu kwenye nyanja hii ni pamoja na kukopesha mkopo wa muda mfupi na mpango wa uwekezaji wa muda mrefu, vocha za mazao ghalani, na huduma nyingine kwa wakulima na wachuuzi wa mazao ikijumuisha kahawa, korosho, pamba, ufuta na mazao mengine.

Kwa kufanya hivyo tumejenga ubia katika kutoa huduma za ugani, na kushirikiana zaidi na taasisi za Green Revolution in Africa (AGRA) na Financial Service Deepening Trust (DFDT) ikilenga kupenya zaidi katika mfumo wa fedha hasa kwenye shughuli za kilimo. Mpango wetu wa mikopo pia unahusisha ukopeshaji kwa ajili ya zana za kilimo.

Timu yetu inayoshughulikia wateja wadogo na wa kati inalenga utoaji wa mikopo kwa wateja wadogo kupitia matawi yetu, ambapo pia tunatoa msaada wa mafunzo na kuunganisha fursa za kibiashara kupitia vikundi teule vya Biashara (Business Club), kwenye maeneo muhimu. Mikopo maalum kwa wafanya biashara wa kati ilianzishwa kwa ushirikiano na Taasisi za Viwanda Vidogo (SIDO), Business Development Gateways na nyinginezo.

Timu yetu hii pia inashirikiana na makampuni makubwa kuhakikisha huduma za kifedha zinawafikia wazalishaji na wasambaji kwa kuwaunganisha wateja wajumla na wajasiriamali wadogo kabisa.

Huduma Saidizi

Msingi wa matarajio yetu ya maendeleo ya baadaye ni katika kutumia mfumo mpya wa mtandao wa kutoa huduma za kibenki. Katika mwaka 2009 uamuzi ulifanyika wa kuweka mfumo mpya wa kompyuta wa kutoa huduma za kibenki ili uweze kukidhi mahitaji ya ongezeko la wateja pamoja na kuwa na uwezo mkubwa wa kuongeza huduma mpya zinazoendana na mahitaji ya wateja. Pia tupate uwezo wa kutoa huduma nyingine zaidi. Rasilimali kubwa za kifedha na rasilimali watu zinawekezwa ili kujenga mazingira ambayo yatawezesha kuingia kwenye mfumo mpya wa kompyuta bila kuathiri huduma kwa wateja huku kukiwa na mafanikio muhimu.

Kitengo chetu cha Tekinologia na Mawasiliano inahakikisha kuwa mfumo wetu wa mawasiliano unasimamiwa vizuri kila



The corporate customer base includes large agribusiness related entities, including primary farming entities and food processors, and companies in such sectors as telecoms, commodity trading, commerce and industry.

and Facilities Team, where we continue in our policy of active refurbishment and expansion of our points of representation. In 2010, 5 new branches were opened at Arusha market, Mbeya Usongwe, Itigi, Dar Es Salaam Airport and Mt. Uluguru in Morogoro, while Bank House, Kenyatta Road in Mwanza and Magomeni branches underwent major renovations. A start was made on our plans to build our new headquarters in a central location in Dar Es Salaam.

Audit, Risk and Compliance activities continued in their quest to contribute to a better understanding of the bank's key risks. This helps management to mitigate such risks and reduce incidents of fraud or other losses through better controls.

Our distribution channels continue to evolve and grow, with a particular emphasis on improving our alternative distribution channels such as ATM's, POS and mobile banking. Efforts are also underway to improve customer service at branch level through branch layout improvements and refurbishments, branch performance benchmarking, queue management, improved controls to reduce error rates, and other initiatives. Efficiency improvements through the centralisation of branch based processes will also free up our branch staff to focus more on customer service.

Our Human Resource environment is being strengthened, to support our work force of over 2,600 staff, with a view to rolling out HR best practices, including performance management and staff development.

siku na kutafuta ufumbuzi wa matatizo yote ya kitekinolojia. Pia kufanya maboresho kulingana na mahitaji ya kibiashara na wateja kama vile mfumo wa ulipaji mishahara (SFI), NMB Mobile Banking na mahitaji mengine ya kibenki kutolewa kwa muda muafaka na kwa ufanisi unaotakiwa na wateja wetu.

Juhudi za kuboresha mazingira yetu ya ndani pia zimepewa kipaumbele ikiwa ni pamoja na kuanzisha mfumo mpya kwa ajili ya kudhibiti manunuzi na uendeshaji wa shughuli za rasilimali watu kwa kutumia komputa.

Kuhakikisha kwamba shughuli zetu hazikumbani na misukosuko na kwamba zina usalama wa kutosha tumenunua mashine kubwa mbili za kuhifadha taarifa (Server) ambazo zimeishaunganishwa na kuweka mazingira sawa endapo lolote litatokea huduma zisiathirike bali ziendelee kama kawaida.

Kuna vitengo mbali mbali vinavyotoa huduma saidizi kwa shughuli mbali mbali za benki. Hii ni pamoja na idara ya majengo na vifaa, ambapo benki imeendelea kujenga na kukarabati majengo mbali mbali ya kutolea huduma. Katika kipindi cha mwaka 2010, matawi 5 mapya yamefunguliwa, ambayo ni Arusha Market, Usongwe Mbeya, Itigi, Dar es Salaam Airport na Mt. Uluguru. Tawi la Bank House, Kenyatta Road na Magomeni yanefanyiwa ukarabati mkubwa. Utaratibu umeshaanza wa ujenzi wa jengo letu wenyewe la Makao Makuu katikati ya Jiji la Dar es Salaam.

Idara ya Ukaguzi, Tahadhari na Utimilifu imeendelea na shughuli zake (Audit, Risk na Compliance) katika kuchangia kutoa ufahamu kuhusu tahadhari ya mambo yanayoweza kutokea bila kutarajiwa na imesaidia uongozi katika kuchukua hatua za tahadhari ili kudhibiti matukio ya wizi na upotevu mwingine.

Njia zetu za kutolea huduma zimezidi kupanuka na kukua, zikilenga katika kuboresha na kuweka njia mbadala za kutolea huduma kwa wateja wetu. Njia hizo ni kama vile mashine za kutolea fedha (ATM), sehemu za mauzo (POS) na benki kwa njia ya simu ya mkononi. Juhudi zinaendelea za kuboresha huduma kwenye matawi yetu kwa kuboresha muundo wa matawi kwa kuyakarabati upya, kuongeza ufanisi kwa kuweka vigezo, kupunguza msongamano, kuweka uthibiti wa kupunguza makosa na juhudi nyingine ambazo ni muhimu katika kuongeza ufanisi. Kuongeza ufanisi wa matawi kwa kuwezesha shughuli nyingine za matawini waweze kuhudumia wateja.

Kitengo chetu cha Rasilimali Watu kinaimarishwa ili kukipa uwezo wa kutosha wa kuwahudumia wafanyakazi wengi ambao ni zaidi ya 2,600. Tunakusudia kuzindua taratibu bora za kuhudumia wafanyakazi ikiwa ni pamoja na kupima ufanisi wao na kuwapa mafunzo muhimu ili kuwaendeleza.

4

CSR [Corporate Social Responsibility] UWAJIBIKAJI KWA JAMII

At NMB we take our corporate social responsibility role seriously, which is why we allocate one percent of our net profits to charitable donations every year. We are also constantly working to improve our services to make them available to a wider section of Tanzanian society.

In 2010 we reached out to almost all districts in both the Tanzanian mainland, Unguja and Pemba. We chose to focus on the education and health sectors, giving away donations worth a total of more than TZS 500 million.

As well as education and health, we promote excellence through the promotion of sports in Tanzania and are co-sponsors of the National Football Team, the Taifa Stars, through the Tanzania Football Federation. We also support grassroots soccer by procuring footballs for distribution to primary and secondary schools around Tanzania.

We look to support areas of excellence in all walks of life and in 2010 we were a sponsor of the Manufacturer of the Year Award. This award was organised by the Confederation of Tanzania Industries and was attended by President Jakaya Kikwete as the guest of honour.

NMB tunatambua umuhimu wa uwajibikaji kwa jamii kwa umakini. Kutokana na hilo ndio maana tunatenga asilimia moja ya faida yetu baada ya kodi kila mwaka kwa ajili ya misaada. NMB pia tunawajibika kuboresha huduma zetu zipatikane kwa wananchi walio wengi katika jamii ya Tanzania.

Mwaka 2010 NMB tumefikia karibu wilaya zote Tanzania Bara, Unguja na Pemba. Tumechagua kulenga zaidi kwenye sekta za elimu na afya katika kutoa misaada zaidi ya milioni 500.

Mbali na sekta ya elimu na afya, tumezidi kuchangia sana kwenye michezo kama wadhamini wakuu wa timu ya Taifa ya mpira wa miguu – Taifa Stars kupitia Shirikisho la Mpira wa Miguu, Tanzania. Pia tunagawa mipira na vifaa vinigine kwenye shule za msingi ili kuinua vipaji na kukuza michezo.

Tunalenga kuendelea kusaidia maeneo maalumu katika maisha ya kawaida. Katika mwaka wa 2010 tulikuwa wadhamini wa tuzo za mzalishaji bora wa mwaka. Tuzo hii iliandaliwa na Shirikisho la Wenye Viwanda Tanzania ambapo Mheshimiwa Rais Jakaya Kikwete alikuwa mgeni rasmi.

NMB FOUNDATION FOR AGRICULTURAL DEVELOPMENT

The NMB Foundation for Agricultural Development (NFAD) was launched in October 2009, with the financial support of the Rabobank Foundation. The main objective of NFAD is to build sustainable and bankable cooperatives in order to enable members of cooperative societies to achieve higher, sustainable incomes from their farm produce.

This past year has seen some milestone achievements for the Foundation. The beginning of the year was spent recruiting, training and posting our new teams to the three administrative zones selected for the first phase of the programme. The NFAD teams built solid relationships with cooperative unions as well as regional and district authorities. By midyear, they were training Cooperative Board Members and building the capacity of rural cooperatives. The training provided included:

- Cooperative Governance
- Marketing
- Credit Administration
- Agronomy for Good Agricultural Practice

By December 2010:

- 893 Cooperative Board Members
- 136 Influential Farmers; and
- 120 Cooperatives and Associations had all received training.

These organisations represent over 68,000 farmers. NFAD will carry on their commitment to empower and build the capacity of farmers in 2011 and expect to build on this success, increasing the earning capacity of even more of Tanzania's farmers.

MFUKO WA NMB WA MAENDELEO YA KILIMO (NFAD)

Mfuko wa NMB wa Maendeleo ya Kilimo (NFAD) ilianzishwa rasmi Oktoba 2009 kwa msaada kutoka Benki ya Rabo. Malengo makuu ya NFAD ni kujenga na kuimarisha vyama vya ushirika endelevu na vya kutegemewa ili kuwawezesha wanachama wa vyama hivyo kuongeza mapato kutokana na mazao yao.

Mwaka uliopita umekuwa wa mafanikio kwa NFAD. Katika kipindi cha mwanzo wa mwaka walikazana katika kuajiri, kutoa semina na kusambaza timu za wafanyakazi katika kanda tatu zilizochaguliwa kwa ajili ya kuanzisha mpango huu. Timu hizi za NFAD zimejenga mahusiano imara na vyama vya ushirika pamoja na viongozi wa mkoa na wilaya kwa ujumla. Katikati ya mwaka walitoa semina kwa Wakurugenzi wa bodi wa vyama vya ushirika na pia kuvijengea uwezo vyama hivyo. Semina iliyotolewa ililenga mambo yafuatayo:

- Uongozi Shirikishi,
- Masoko,
- Usimamizi wa mikopo na
- Mbinu bora za Kilimo cha uzalishaji mimea

Hadi kufikia Desemba 2010 makundi yafuatayo yalipatiwa semina:

- Wakurugenzi wa Bodi ya Vyama vya Ushirika 893
- Wakulima wakubwa 136; na
- Vyama vya Ushirika 120

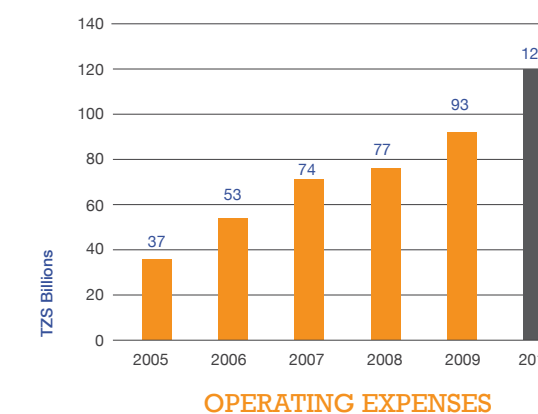
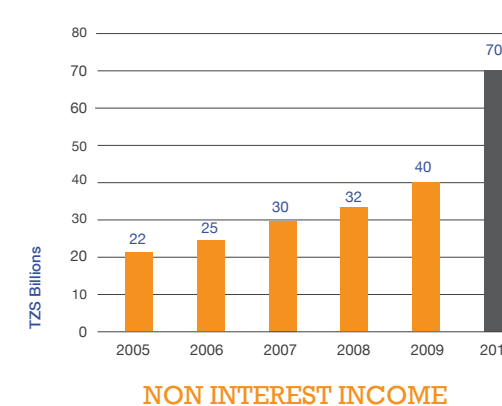
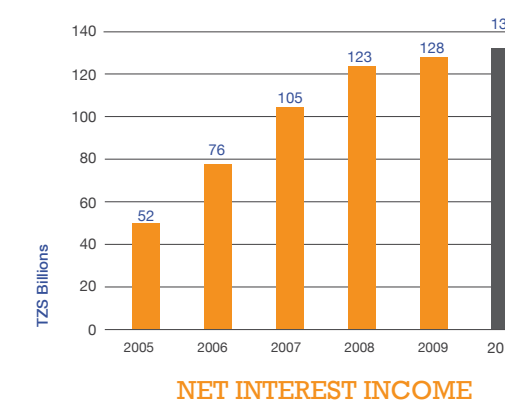
Makundi haya yanawakilisha zaidi ya wakulima 68,000. Wataendelea na jukumu la kuwasaidia na kuwajenga wakulima mwaka 2011 ili kuimarisha mafanikio haya na kuongezea kipato wakulima wengi zaidi wa Tanzania.

5 KEY FIGURES [for the] FINANCIAL YEAR 2010

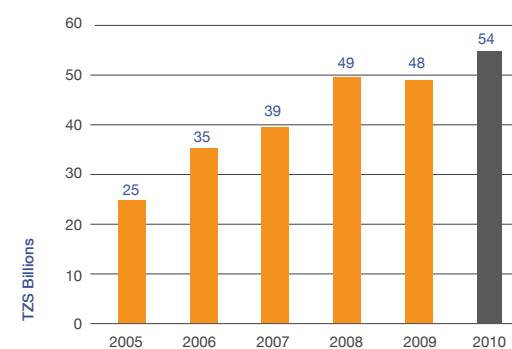
		2005	2006	2007	2008	2009	2010
INCOME STATEMENT							
Total Income	Tzs Million	74,797	100,749	143,621	154,470	167,933	199,999
Net Interest Income	Tzs Million	52,970	76,037	104,844	122,701	127,518	130,410
Non Interest Income	Tzs Million	21,827	24,712	29,777	31,769	40,415	69,589
Operating Expenses	Tzs Million	37,330	52,976	73,906	77,313	92,870	119,880
Profit after Tax	Tzs Million	25,308	35,076	38,835	48,707	47,550	53,981
Dividend	Tzs per share	-	-	22	30	31	36
Earnings per share	Earnings per Share	51	70	78	97	95	108
Cost Income Ratio	(%)	50%	53%	55%	50%	55%	60%

		2005	2006	2007	2008	2009	² 2010
BALANCE SHEET							
Total Assets	Tzs Million	690,305	795,425	1,158,309	1,384,268	1,669,333	2,107,081
Loan and Advances to customers	Tzs Million	84,844	137,457	345,210	570,578	672,580	857,785
Customer Deposits	Tzs Million	617,060	688,097	1,012,824	1,200,484	1,459,398	1,812,647
Shareholder Funds	Tzs Million	61,071	91,147	121,982	159,689	192,239	230,520

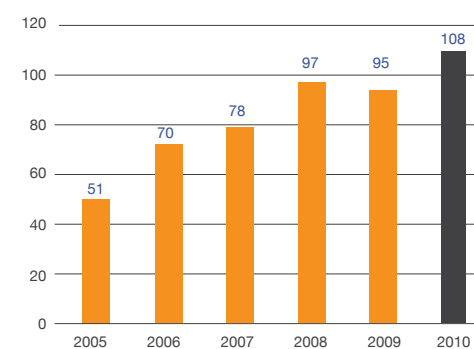
HIGHLIGHTS [for the] FINANCIAL PERIOD 2005 - 2010



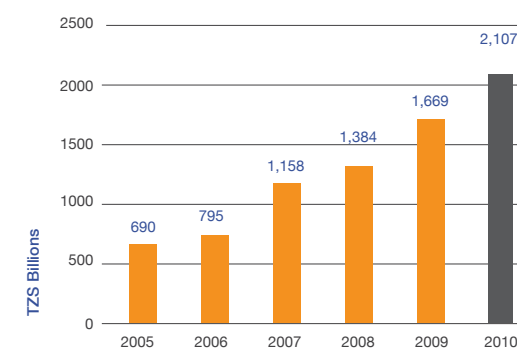
HIGHLIGHTS FOR THE FINANCIAL PERIOD 2005-2010 [CONTINUED]



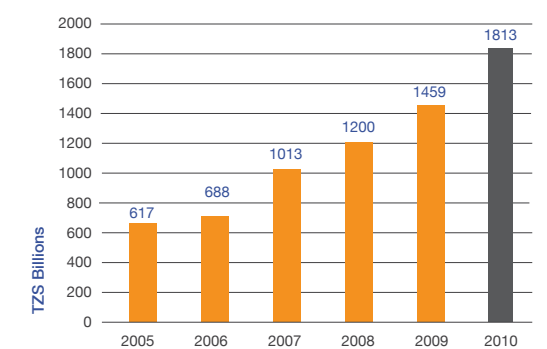
PROFIT AFTER TAX



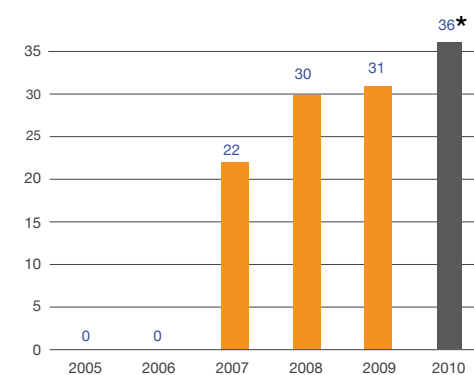
EARNINGS PER SHARE



TOTAL ASSETS

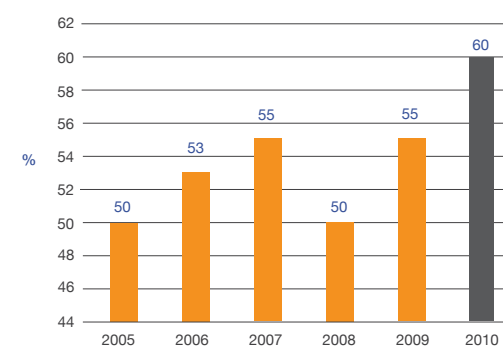


CUSTOMER DEPOSITS

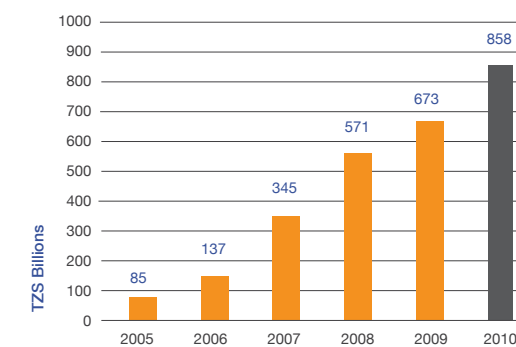


DIVIDEND PER SHARE

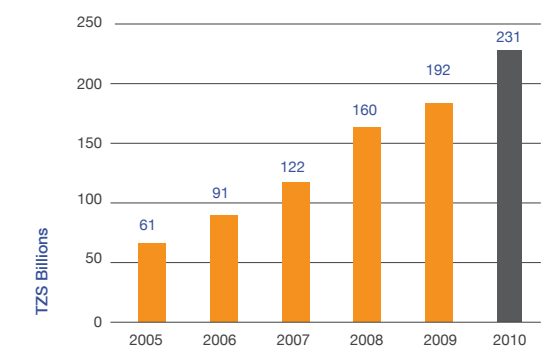
* Proposed Dividend



COST INCOME RATIO



LOANS AND ADVANCES TO CUSTOMERS



SHAREHOLDERS' FUNDS

6 BOARD OF DIRECTORS



1 Mr. Misheck Ngatunga

Board Chairman

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

2 Mr. Mike Laiser

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

Bwana Misheck Ngatunga

Mwenyekiti wa Bodi

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

Bwana Mike Laiser

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

3 Mr. Jos van Lange

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

4 Mr. Felix Mosha

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

5 Mr. Protase Tehingisa

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

6 Mr. Yona Killagane

Mr. Yona Killagane is a chartered accountant and has been the Managing Director of Tanzania Petroleum Development Cooperation for 20 years. He has served on the Board of various international petroleum and mobile companies. He is an active member of the NBAA and is the Vice Chairman of Research and Standards Committee for formulating accounting and auditing standards in Tanzania.

7 Mr. Bruce Dick

Mr. Bruce Dick is an economist by profession. He has worked with the Rabobank Group for over 12 years in both New Zealand and Australia. He was CEO and Director of Rabobank Australia & New Zealand Group from May 2001. He is currently the Managing Director of Rabobank Development.

8 Mrs. Margaret Ikongo

Mrs Margaret Ikongo is a Chartered Insurer by profession. She was the Managing Director of the National Insurance Corporation for over 10 years. She has also served on the boards of different re insurance companies. She currently works for the Tanzania Insurance Regulatory Authority.

9 Mr. William Mlaki

Mr. Mlaki has over 35 years of development banking experience. He was Managing Director of Tanzania Investment Bank for 15 years. He served on the boards of a number of companies and financial institutions within and outside Tanzania. He is currently an independent business consultant.

Bwana Jos van Lange

Bwana Jos van Lange ni Mchumi kitaaluma na kwa sasa ni Afisa Mkuu wa Fedha na Mambo ya Tahadhari (CFRO) katika Bodi ya Jumuiiko la Kampuni ya Kimataifa ya mali zisizohamishika ya Rabo, (Rabo Real Estate Group). Kampuni ya Kimataifa ya mali zisizohamishika ya Rabobank awali iliungana na kampuni mbalimbali za mali zisizohamishika. Kabla ya kushika wadhifa huu, Bwana van Lange alikuwa Mkurugenzi wa kitengo cha wateja ambao sio wakubwa (Retail Banking) cha Rabobank ya Uholanzi.

Bwana Felix Mosha

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

Bwana Protase Tehingisa

Bwana Protase Tehingisa ni mtalaamu wa sheria za uwekezaji wa makampuni. Amewahi kufanya kazi kama Katibu/Mwanasheria mfawidhi wa benki ya maendeleo ya Afrika Mashariki (EADB), Kabla ya hapo alikuwa Mwanasheria wa serikali katika ofisi ya Mwanasheria Mkuu wa Serikali na pia alishawahi kuwa Mshauri katika Shirika la wanasheria Tanzania.

Bwana Yona Killagane

Bwana Yona Kilagane ni Mhasibu aliyesajiliwa (Chartered Accountant) na aliwahi kuwa Mkurugenzi Mtendaji wa Shirika la Maendeleo ya Petrol Tanzania kwa miaka 20. Amekuwa kwenye Bodi mbalimbali za Kimataifa za Petroli na Makampuni ya Simu. Ni mwanachama hai wa NBAA na ni makamu Mwenyekiti wa kamati ya utafiti ya kutengeneza viwango vya mahesabu na Ukaguzi nchini Tanzania.

Bwana Bruce Dick

Bwana Bruce Dick ni Mchumi kitaaluma. Amefanya kazi katika Kundi la Rabobank kwa zaidi ya miaka 12 nchini New Zealand na Australia. Alikuwa Afisa Mtendaji mkuu na Mkurugenzi wa Rabobank Australia na Kundi la New Zealand tangu Mei 2001. Kwa sasa ni Mkurugenzi Mkuu wa Maendeleo wa Rabobank.

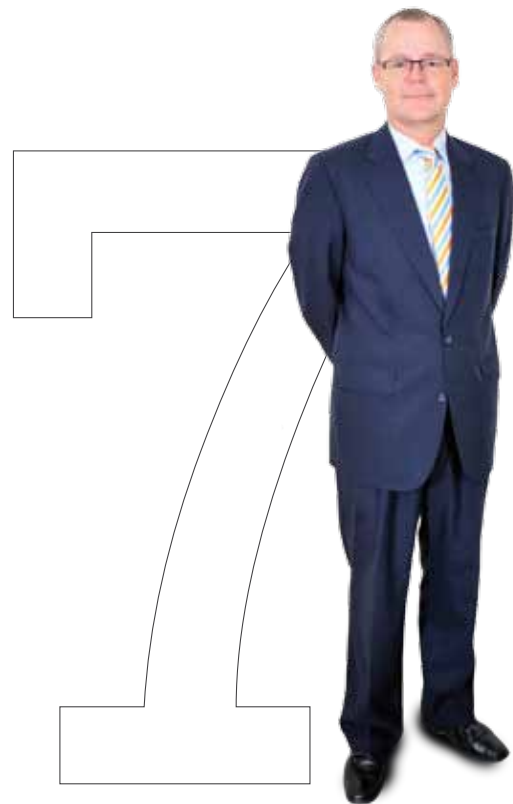
Bibi. Margaret Ikongo

Bibi. Margaret Ikongo amesajiliwa kama "Chartered Insurer" katika taaluma ya Bima. Alikuwa Mkurugenzi Mtendaji wa Shirika la Bima la Taifa kwa zaidi ya miaka 10. Pia amekuwa Mkurugenzi wa bodi katika makampuni mbalimbali ya Bima. Kwa sasa anafanya kwenye kitengo cha usimamizi wa bima katika wizara ya Mipango, Uchumi na Fedha.

Bwana William Mlaki

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

EXECUTIVE MANAGEMENT TEAM



Mark Wiessing
Chief Executive Officer

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

Mark Wiessing
Afisa Mkuu Mtendaji

Mark Wiessing alijiunga na NMB mwezi Desemba 2010 kama Afisa Mkuu Mtendaji. Kabla alikuwa Afisa Mkuu Mtendaji wa Benki ya Taifa ya Biashara ya Zambia (ZANACO). Pia aliwahi kushika nafasi za juu kwenye Standard Bank of SA Ltd, Citibank na katika ING Bank. Alishika nafasi mbalimbali katika nchi zinazoendelea za Africa, Asia, Ulaya Mashariki, na Amerika ya kusini. Bwana Wiessing alipata Shahada ya Uzamili ya Usimamizi wa biashara (MBA) kutoka Chuo Kikuu cha Georgia, nchini Marekani.



Waziri Barnabas
Chief Financial Officer

Waziri Barnabas is the CFO of NMB. He has over thirteen years of financial experience. Before joining NMB he headed the Finance Department at Barclays Bank Tanzania Limited and before that he was the Head of Business Finance at Standard Chartered Bank Tanzania Limited. Mr. Barnabas holds a Bachelor of Commerce (Accountancy) degree from the University of Dar es Salaam and is a Certified Public Accountant.

Waziri Barnabas
Afisa Mkuu wa Fedha

Waziri Barnabas ni Afisa Mkuu wa Fedha wa NMB. Ana uzoefu wa zaidi ya miaka kumi na tatu katika sekta ya fedha. Kabla ya kujiunga na NMB aliongoza Idara ya Fedha ya Benki ya Barclays ya Tanzania na kabla ya hapo aliongoza Kitengo cha Biashara ya fedha katika benki ya Standard Chartered ya Tanzania. Bwana Barnabas alipata Shahada yake ya Biashara (Uhasibu) kutoka Chuo Kikuu cha Dar es Salaam na Cheti cha Mhasibu aliyethibitishwa (Certified Public Accountant).



Arjan Molenkamp
Chief Operating Officer

Arjan Molenkamp joined NMB as COO in January 2010. He was formerly the Director of Retail at ZANACO from March 2007. He has vast banking experience and has worked with Rabobank in various positions since 1999. He also previously worked with Credit Lyonnais Bank for four years. Mr. Molenkamp holds an Executive MBA in General Management from Erasmus University Nederland, Enschede.

Arjan Molenkamp
Afisa Mkuu Mwendeshaji

Arjan Molenkamp alijiunga NMB kama Afisa Mkuu Mwendeshaji tangu Januari 2010. Kabla alikuwa Mkurugenzi wa Biashara Ndogo (Retail Banking) katika benki ya ZANACO kutoka Machi 2007. Ana uzoefu mkubwa katika maswala ya benki na amefanya na Rabobank katika ngazi mbalimbali tangu mwaka 1999. Pia alifanya kazi Credit Lyonnais Bank kwa miaka minne. Bwana Molenkamp alipata Shahada yake ya Uzamili ya Uongozi wa Biashara (executive MBA) kutoka Chuo Kikuu cha Erasmus Nederland, Enschede.



Kees Verbeek
Chief Commercial Officer

Kees Verbeek joined the bank as CCO in March 2010. He has vast experience in dealing with agriculture and previously worked with Rabobank in a number of positions including Senior Industry Analyst, Commodities & Life sciences, Senior Relationship Banker, Food & Agribusiness Corporates and Team Leader, Team Food & Food Retail. Mr. Verbeek has an MSc in Agricultural Economics (cum laude) from the Agricultural University in Wageningen, the Netherlands.

Kees Verbeek
Afisa Mkuu wa Biashara

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



John Ncube
Chief Information Officer

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

John Ncube
Afisa Mkuu wa Mawasiliano

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



Danny van Det
Chief Credit Management Officer

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

Danny van Det
Afisa Mkuu Msimamizi wa Mikopo

Danny van Det alijiunga kama Afisa Mkuu Msimamizi wa mikopo tangu mwezi Aprili 2008. Kabla alikuwa anafanya kazi Rabobank kwa zaidi ya miaka kumi katika nyazifa mbalimbali hususani usimamizi wa athari za mikopo na Mabadiliko ya mfumo wa Utendaji. Bwana van Det ana Shahada ya uzamili Uongozi wa Biashara ya Chuo Kikuu cha Erasmus, Rotterdam, Uholanzi.



Charles Kazuka
Chief Human Resources Officer

Charles Kazuka joined NMB as CHRO in December 2010. He was previously the Head of Human Resources for BP East Africa for three years and prior to that headed the Human Resources Department at Barclays Bank Tanzania Limited. Mr. Kazuka holds an BA-Education degree from Makerere University.

Charles Kazuka
Afisa Mkuu wa Rasilimali Watu

Charles Kazuka alijiunga na NMB kama afisa Mkuu wa Rasilimali Watu tangu Desemba 2010. Kabla ya hapo na kabla alikuwa anafanya kazi BP (Afrika Mashiriki) kwa miaka mitatu. Kabla ya hapo, aliongoza Idara ya Rasilimali Watu katika Benki ya Barclays Tanzania. Bwana Kazuka ana Shahada ya Elimu ya Chuo Kikuu Cha Makerere.

KEY MANAGEMENT COMMITTEES

VIKAO MUHIMU

Assets & Liabilities Committee (ALCO)

To analyze the assets and liabilities of the balance sheet of the bank including pricing of loans and new deposit products.

Credit Committee (CREDCO)

To follow up and monitor the performance and quality of the loan portfolio.

Management Tender Committee (MTC)

To ensure that the bank follows its procurement guidelines when procuring services.

Ushindi Steering Committee

To control the introduction of the new banking system and ensure it is in line with the bank's expectations.

Kamati Rasilimali na Dhima (ALCO)

Kufanya uchambuzi wa rasilimali na dhima za mizania ya benki ikiwa ni pamoja na kupanga riba ya mikopo, uwasilishaji na bidhaa mpya za amana.

Kamati ya Mikopo (CREDCO)

Kufuatilia na kusimamia maendeleo na usafi katika mikopo kwa ujumla.

Kamati ya Uongozi wa Tenda (MTC)

Kuhakikisha benki inafuata taratibu zake za manunuzi wakati inaponunua huduma.

Kamati ya Utendaji ya Ushindi

Kusimamia uanzishwaji wa mfumo mpya wa Benki na kuhakikisha kuwa utakidhi matarajio ya benki.





CHAIRMAN'S STATEMENT 8 TAMKO LA MWENYEKITI

It is my great pleasure to present the NMB Annual Report for the year ended 31st December 2010.

I am pleased to say that in 2010 we could again legitimately call ourselves the people's bank. We remained the bank with the greatest outreach in Tanzania, the bank that embraces technology to deliver services and the bank that leads the way in serving farmers and the agricultural sector in Tanzania.

The year saw NMB's income grow from TZS 162,265 million in 2009 to TZS 199,908 million in 2010. However costs also went up from TZS 92,870 million in 2009 to TZS 119,880 million in 2010, mainly due to continuing work on branches.

The bank continued to expand its reach to a diverse range of new clients through the expansion of our branch network, introduction of new products and through use of new technology including ATMs and mobile banking. In this respect, expanding the branch network has been key in reaching farmers, entrepreneurs and civil servants across Tanzania. We further use our extensive branch and ATM network to support other services such as mobile banking and ATM services. During the year 2010, agriculture remained a priority sector for our expansion. NMB supports the Government's **Kilimo Kwanza** initiative, which not only grows the Tanzanian economy but also contributes to our profitability.

During recent years the country has witnessed the entry of a number of subsidiary international banks into the market. They have introduced a variety of new products and ways of doing business. Whereas this development is likely to lead to the provision of services to a wider segment of society, it has also increased competition between commercial banks and other financial service providers. NMB welcomes these

Ninayo furaha kubwa kuwasilisha Taarifa ya Mwaka ya NMB kwa kipindi kinachoishia tarehe 31 Desemba 2010.

Nafarijika kusema kwamba katika mwaka 2010 NMB kwa mara nyingine ina haki kuitwa benki ya wananchi. Imeendelea kuwa benki yenye mtandao mpana unaofikia wananchi wote, benki ambayo inazingatia teknolojia ya kisasa katika kutoa huduma na benki ambayo iko mstari wa mbele katika kuhudumia wakulima na sekta ya kilimo Tanzania.

Mwaka huu tumeona mapato ya benki yakiongezeke kutoka shilingi milioni 162,265 mwaka 2009 hadi shilingi milioni 199,908 2010. Gharama vile vile ziliongezeka kutoka shilingi milioni 92,870 mwaka 2009 hadi shilingi milioni 119,880 mwaka 2010 hasa kwa shughuli za ufunguzi na uboreshaji matawi.

Benki imeendelea kupanua mtandao wake hadi kuwafikia wateja wetu mbalimbali popote walipo Tanzania kwa kufungua matawi mapya, kuongeza bidhaa na huduma mpya kwa kutumia tekinolojia zikiwemo mashine za kutolea fedha (ATM) na huduma za benki kwa kutumia simu ya mkononi (Mobile banking). Upanuzi wa mtandao wa matawi yetu umekuwa ndio nguzo muhimu ya kuwafikia wakulima, wajasiriamali na watumishi wa serikali mahali popote walipo Tanzania.

Katika mwaka 2010 kilimo kilibakia kuwa sekta iliyopewa kipaumbele katika mpango wa maendeleo wa NMB. Mtandao mpana wa NMB utatumika katika kuimarisha na kufikia malengo ya Serikali ya **Kilimo Kwanza** wakati huohuo kikichangia kiasi kikubwa katika faida ya NMB.

Katika miaka hii ya karibuni kumekuwa na uingiaji wa benki nyingi za kigeni katika nchi hii. Wameingiza bidhaa nyingi mpya za kibenki katika soko. Bilashaka haya maendeleo yataleta uboreshaji wa huduma katika jamii na kuongeza ushindani



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

developments and it is well prepared to meet the challenges they create.

The year 2010 saw some transitions for NMB Executive Management. At the end of the year we saw the departure of Ben Christiaan, who was our CEO for four years and who was instrumental in strengthening NMB into one of the leading commercial banks in Tanzania, a legacy we are all proud of. Taking the CEO baton from Ben Christiaan is Mark Wiessing, who arrives from Zambia National Commercial Bank Plc and he brings with him a wealth of experience in the banking industry, especially in emerging markets. I would like to take this opportunity to thank Ben Christiaan for his valuable contribution to the growth of NMB. The bank wishes him well in his future endeavours. At the same time, I take this opportunity to warmly welcome Mark Wiessing to the NMB family.

Finally, on behalf of the Board of Directors, I would like to thank all NMB stakeholders for their support in 2010, specifically our customers for their trust and loyalty, our shareholders for their support and understanding, our staff for their dedication and hard work, our Management for their outstanding commitment and the Government for its business, trust and cooperation. NMB would not have achieved what we have without your support.

The Board of Directors at its meeting held on 28th March 2011 recommended a dividend of TZS 36 per share in line with the bank's improved profitability, while remaining mindful of the need to remain strongly capitalised in times of uncertainty.

I am confident that NMB will experience another successful year in 2011.

katika mabanki na taasisi za fedha. NMB inakaribisha maendeleo haya na imejitatiti kupambana na changamoto hizi.

Katika mwaka 2010 pia tuliona mabadiliko katika uongozi wa juu wa NMB. Mwishoni mwa mwaka tulihuzunika kuona Afisa Mkuu Mtendaji Bwana Ben Christiaan aliyeliyongoza benki kwa miaka minne akiwa kiungo muhimu cha kuimarisha NMB hadi kuwa benki ya biashara inayoliongoza nchini Tanzania akiondoka. Uongozi wake ambao wote tunajivunia tutaukumbuka.

Aliyechukua nafasi ya Afisa Mkuu Mtendaji Bwana Ben Christiaan ni Bwana Mark Wiessing, ambaye ametokea benki ya ZANACO Zambia akileta uzoefu mkubwa katika sekta hii katika nchi zinazoeendelea. Ninachukua fursa hii kumshukuru Bwana Ben Christiaan kwa mchango wake mkubwa kwa ajili ya maendeleo ya NMB. Benki inamtakia mafanikio katika shughuli zake za baadaye. Wakati huo huo nachukua nafasi hii kumkaribisha Mark Wiessing katika familia ya NMB.

Mwisho, kwa niaba ya Bodi ya Wakurugenzi, napenda kushukuru wadau wote wa NMB kwa kutuunga mkono katika mwaka 2010, hasa wateja kwa kutuamini na kutukubali. Kwa wanahisa wetu kwa kutuunga mkono na kutuelewa, kwa wafanyakazi kwa kufanya kazi kwa bidii na kujitolea, kwa uongozi wa benki kwa kuongoza benki vizuri na kwa Serikali kwa kutupa biashara, kutuamini na ushirikiano. NMB isingefikia mafanikio iliyopata bila mchango wenu wenye thamani kubwa.

Bodi ya Wakurugenzi katika kikao chake kilichofanyika tarehe ilipendekeza gawio la shilingi 36 kwa kila hisa ili ibaki na mtaji wakutosha ili iweze kujikinga na athari zisizozuilika.

Nina matumaini kwamba NMB itapata mafanikio mengine makubwa mwaka 2011.

Misheck Ngatunga
Chairman of the NMB Board of Directors

Misheck Ngatunga
Mwenyekiti wa Bodi ya NMB



9 CEO'S STATEMENT TAARIFA YA AFISA MTENDAJI MKUU

The year 2010 has been another notable year for us at National Microfinance Bank plc (NMB), producing good financial results and continuing to implement our strategy to provide affordable banking services to the Tanzanian population.

It was also a year of change, which saw my predecessor Mr Ben Christiaan return to Rabobank in December, after a four year secondment to NMB. On behalf of the bank's Management Team and all the staff I wish to express our gratitude for his contributions, which have laid the foundation for the bank's continued success in the future.

A new CEO and the start of a new decade make this a perfect time to reflect on some of the achievements of the last five years, since privatisation. Our customer base has more than doubled, from 600,000 to 1.4 million. To meet the increased demand, we expanded our branch network from 100 to 140 and increased our staff from 1,500 to over 2,500 employees. This makes us one of the largest private sector employers in Tanzania. We created a nationwide network of nearly 380 ATM machines to service the more than one million customers who use our proprietary ATM card. NMB Mobile launched and now provides financial services on the go to over 400,000 customers.

Strong loans and advances, customer deposits and transactional volume growth, were the main contributors to these results. 2010 was no exception to this trend and produced some encouraging key financials:

- Total income up 23% year on year to TZS 201 billion
- Total assets up 26% to TZS 2.1 trillion
- Customer deposits growing steadily at 24% p.a. reaching a total of TZS 1.8 trillion
- Non interest income up to TZS71 billion representing 35% of total income

Mwaka 2010 umekuwa mwaka mwingine wa mafanikio kwa Benki ya NMB kwa kupata matokeo mazuri ya faida na kuendeleza lengo lake la kutoa huduma za kibenki kwa bei nafuu kwa Watanzania.

Pia ulikuwa mwaka wa mabadiliko ambapo Afisa Mtendaji Mkuu aliyenitangulia Bw. Ben Christiaan alirejea Rabobank mwezi wa Desemba 2010 baada ya miaka minne ya kutumwa kutoka Rabobank kuja kufanya kazi NMB. Kwa niaba ya uongozi wa benki na Wafanyakazi wote napenda kutoa shukrani kwa mchango wake mkubwa ambao umeweka msingi wa mafanikio endelevu ya hapo baadaye.

Afisa Mtendaji Mkuu mpya na mwanzo wa karne hii mpya vimefika muda muafaka ili tuangalie mafanikio yaliyofikiwa katika kipindi cha miaka mitano iliyopita toka benki kubinafsishwa. Wateja wetu wameongezeka zaidi ya mara mbili kutoka 600,000 hadi milioni 1.4. Ili kukidhi na kutosheleza ongezeko na mahitaji ya wateja tumepanua mtandao wetu wa matawi kutoka 100 hadi 140 na kuongeza idadi ya wafanyakazi kutoka 1,500 hadi kufikia zaidi 2,500. Hii inafanya NMB kuwa mojawapo wa waajiri wakubwa katika sekta binafsi Tanzania. Tumeweka mtandao wa mashine za kuchukulia fedha zaidi ya 380 nchi nzima ili kuhudumia wateja zaidi ya milioni moja wanaotumia kadi zetu za "ATM" vilevile kuanzishwa kwa huduma ya NMB Mobile ambayo kwa sasa ina wateja zaidi ya 400,000 wanaoitumia.

Ukuaji mkubwa wa mikopo ya muda mrefu na ya kati pamoja na ongezeko la amana na kukua kwa shughuli za maingizo ya wateja vilikuwa vyanzo muhimu vya mafanikio haya kama inavyohibitishwa na taarifa zifuatazo za kifedha:

- Mapato ya jumla yameongezeka kwa asilimia 23% mwaka hadi mwaka na kufikia shilingi bilioni 201
- Rasilimali zimeongezeka kwa asilimia 26 hadi kufikia



We created a nationwide network of over 380 ATM machines to service the more than one million customers who use our proprietary ATM card.

- The NPL ratio remains at an acceptable level of 4%
- Return on equity stands at a commendable 23%
- Despite lower market interest rates, net interest income was supported by strong growth in loans and advances to the private sector (loan portfolio up 28% to TZS 858 billion)
- The loan to deposit ratio has grown to 53% indicating more efficient use of the bank's balance sheet

Tanzania's economy has also continued to grow, with the GDP growth for 2010 expected to end at around 7%, while inflation remained in the 5-6% range. In the money markets, Treasury Bill and Treasury Bond rates remained low, though they perked up slightly toward the end of the year, while imports and export flows both grew between 13% -19%.

We complement our lending, deposit taking and transactional solutions with corporate social responsibility programmes. These include such areas as promoting effectiveness of agricultural cooperatives through the NMB Foundation and the financing of small-scale farmers and outgrower schemes. We are also a staunch supporter of the Tanzania Football Federation and support our national team, the Taifa Stars.

To provide services to our ever-growing customer base we continue to make significant investments in Information and Communications Technology. We intend to cross over to a new core banking system in 2011 to support the future growth of customers, products and channels with a view to delivering these products nationwide, online and in real time.

As the incoming CEO my initial focus areas will be on ensuring continuity of the business by building on the strong foundation achieved so far, to work on improving our customer

shilingi triloni 2.1

- Amana za wateja zilikuwa mfululizo kwa asilimia 24 kwa mwaka hadi kufikia shilingi triloni 1.8
- Mapato yasiyotokana na riba yalikuwa hadi kufikia shilingi bilioni 71 ikiwa ni asilimia 35 ya jumla ya mapato.
- Faida halisi imebakia kuwa katika kiwango kinachokubalika cha asilimia 4
- Rejesho la Mtaji (Return on Equity) lilibakia kenye kiwango kizuri cha asilimia 23
- Licha ya kuwa na riba ndogo katika soko la fedha, mapato halisi yanayotokana na riba yaliongezeka kutokana na kukua kwa mikopo ya muda mrefu na wa kati iliyotolewa kwa sekta binafsi (Mikopo iliongezeka kwa asilimia 28% hadi kufikia shilingi bilioni 858
- Uwiano wa amana na mikopo umekuwa hadi asilimia 53% ukionyesha ufanisi katika mizania ya benki

Uchumi wa Tanzania pia umeendelea kukua. Pato la Taifa katika kwa mwaka 2010 lilitarajiwa kukua kwa asilimia 7.0% ingawa mfumuko wa bei umeendelea kuwa kati ya asilimia 5-6%. Kwenye soko la fedha Dhamana za Serikali na Hati fungani zimeendelea kuwa na riba ndogo ingawaje ziliongezeka kidogo mwishoni mwa mwaka, wakati huo huo bidhaa toka nje ya nchi na mauzo ya nje ya nchi kwa ujumla vilikuwa kwa asilimia kati ya 13% - 19%.

Tunaoanisha shughuli zetu za utoaji mikopo, ukusanyaji amana na shughuli za kibiashara pamoja na programu za uwajibikaji katika jamii inayotuzunguka kwa kuhusisha maeneo muhimu kama vile kuendeleza vyama vya ushirika katika kilimo kupitia mfuko wa NMB Foundation, na kufadhili wakulima



We complement our lending, deposit taking and transactional solutions with corporate social responsibility programmes. These include such areas as promoting effectiveness of agricultural cooperatives...

service levels and our internal human resources environment and to ensure a smooth cross over to our new core banking system.

Barring unforeseen circumstances we are confident about continued favourable developments for 2011, supported by a strong economy and favourable economic indicators despite concerns about the sustainability of the country's power supplies. While the outlook is good, the bank's performance remains dependent on interest rate developments and competitive pressures, while the risk of adverse developments from loan portfolio deterioration is an inherent part of our business.

We will continue our efforts to further improve customer service while continuing to control costs and manage credit and other risks prudently, with a view to further improving on the bank's performance indicators, both operationally and financially.

Mark Wiessing
Chief Executive Officer of NMB

wadogo na asasi za ushirika za wakulima (Outgrowers schemes) NMB ni muungaji mkono mashuhuri wa Chama cha Mpira wa Miguu Tanzania (Tanzania Football Federation) kwa kuifadhili timu ya Taifa ya mpira wa miguu (Taifa Stars).

Ili tuweze kutoa huduma na kuweza kumudu ongezeko kubwa la wateja tumeendelea kuwekeza kwenye teknolojia na mawasiliano. Tunategemea kuingia katika mfumo mpya wa mtandao wa komputa mwaka 2011 ili tuweze kukabiliana na ukuaji wa wateja, bidhaa na mfumo wa kueneza huduma siku za baadaye tukiwa na nia ya kutoa hizi bidhaa na huduma nchi nzima kwa mtandao, na kwa muda muafaka.

Kama Afisa Mkuu Mtendaji mpya kwa kuanzia nitalenga kwenye maeneo yanayoendeleza biashara nikitumia msingi imara uliokwisha wekwa hadi sasa, kufanyia kazi uboresha ji wa mazingira ya huduma kwa wateja na kwa rasilimali watu wetu na kuhakikisha kwamba tunaingia vizuri katika matumizi ya mtandao wetu mpya wa komputa.

Tukiacha matatizo yasiyotarajiwa, tuna imani kwamba mwaka wa 2011 utakuwa wa mafanikio, ikichangiwa na uchumi imara na viashiria vingine vya uchumi, ingawa kuna matatizo ya umeme.

Huku muelekeo ukiwa ni mzuri, kiutendaji benki inaendelea kutegemea mabadiliko katika viwango vya riba, na msukumo wa ushindani, ingawa kuna uwezekano wa maendeleo duni kwenye mikopo kama mojawapo ya biashara yetu.

NMB itaendelea juhudi zake ilizochukua ili kuboresha zaidi huduma kwa wateja wakati huohuo ikithibiti ongezeko la gharama za uendeshaji na kusimamia mikopo na athari mbalimbali kwa umakini mkubwa ili kuendeleza viashiria vya matokeo mazuri kiutendaji na kifedha.

Mark Wiessing
Afisa Mkuu Mtendaji wa NMB



NMB: A bank for all

10 CORPORATE GOVERNANCE UTAWALA BORA

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

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

The Board itself regularly undergoes self-assessment under the guidance of an independent party in order to improve the internal Governance of the Board and its Committees. As part of this commitment and at the invitation of the shareholders, the Board attended the Rabobank AGM in 2010 to observe how other AGMs were carried out.

Our directors are committed to strengthening good governance systems by reviewing policies, establishing appropriate board committees and ensuring the Board and its committee's meet regularly to perform their respective duties.

Appointment of directors

Appointment to the NMB Board 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.

The names are presented to the AGM for ratification and appointments are submitted to BOT for approval.

In May 2010, Director Arnold Kuijpers resigned and he was replaced by Director Bruce Dick. Director William Mlaki also joined the Board in January 2010.

Board and Committee meetings

In 2010 the Board of Directors was made up of nine non-executive directors. The Board continued to carry out its role of reviewing the business plan and suggesting changes including developing the strategic direction of the bank as well as

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

Misingi ya utawala bora inakubalika kuwa kichocheo cha utendaji mzuri duniani kote.

Jukumu la kusimamia utekelezaji mzuri wa utawala bora liko chini ya wakurugenzi.

Bodi mara kwa mara hujipima chini ya ushauri wa upande ulio huru ili kuweza kuboresha utawala bora ndani ya Bodi na kamati zake.

Ikiwa sehemu ya utekelezaji wa jukumu hili, na kwa mwaliko wa wanahisa, Bodi ilihudhuria Mkutano Mkuu wa benki ya Rabo mwaka 2010 ili kuangalia jinsi Mikutano Mikuu inavyoendeshwa.

Wakurugenzi wetu wanajitahidi kuimarisha mifumo ya utawala bora kwa kupitia sera mbalimbali, kuweka kamati sahihi za Bodi na kuhakikisha kwamba Bodi na Kamati zake zinakutana mara kwa mara kutekeleza majukumu yao.

Uteuzi wa Wakurugenzi

Uteuzi wa Wakurugenzi wa Bodi ya NMB unaongozwa na sheria ya benki (Memorandum and Articles of Association) na miongozo inayotolewa na Benki Kuu ya Tanzania (BOT) na Mamlaka ya Masoko ya Mitaji na Dhamana Tanzania kulingana na sheria ya Benki na Taasisi za fedha ya mwaka 2006 na sheria ya Soko la Mitaji na Dhamana ya mwaka 1994.

Majina huwasilishwa kwenye Mkutano Mkuu kwa ajili ya kukubaliwa na yatakayoteuliwa hupelekwa Benki Kuu kwa ajili ya kupitishwa.

Mwezi wa Mei 2010 Mkurugenzi Arnold Kuijpers alijiuzulu na nafasi yake ilichukuliwa na Mkurugenzi Bruce Dick. Mkurugenzi William Mlaki pia alijiunga na Bodi katika mwezi wa Januari 2010.

Bodi na Vikao vya Kamati

Katika mwaka wa 2010 Bodi ya Wakurugenzi ilikuwa na Wakurugenzi tisa wasio watendaji. Bodi iliendelea kutekeleza

The Board, Management and NMB employees are committed to upholding the core values of transparency, integrity, honesty and accountability...

recruitment and development of key personnel. The Board is also responsible for managing the bank’s risk profile and meets at least once a quarter to perform these duties.

The Board Committees act on behalf of the Board to direct the bank effectively and accelerate the decision-making process. The four Board committees are: the Board Executive Committee (BEC), the Board Audit, Risk and Compliance Committee (BARCC), the Board Human Resources and Remuneration Committee (BHRRC) and the Board Credit Committee (BCC).

During 2010, the Board and its committees met to discuss and make business decisions. The number of meetings held were:

- Board of Directors (6)
- Board Executive Committee (4)
- Board Audit Risk and Compliance Committee (5)
- Board Human Resources and Remuneration Committee(3)
- Board Credit Committee (15)

The Directors attended the meetings as follows:

jukumu lake la kupitia mpango wa biashara na kupendekeza mabadiliko muhimu yakiwemo kutengeneza mkakati wa mwelekeo wa benki na mpango wa uajiri na kuendeleza watendaji muhimu. Bodi pia inawajibika kusimamia mali za benki hatarini na hukutana angalau mara moja kwa mwezi kufanya kazi hizo.

Kamati za Bodi hufanya kazi kwa niaba ya Bodi ili kuelekeza kazi za benki kwa ufanisi na kuharakisha utoaji maamuzi. Kamati nne za Bodi ni hizi zifuatazo: Kamati ya Utendaji ya Bodi (BEC), Kamati ya Bodi ya Ukaguzi, Tahadhari na Utimilifu (BARCC) Kamati ya Bodi ya Rasilimali Watu na Marupurupu (BHRRC), na Kamati ya Bodi ya Mikopo (BCC).

Katika mwaka 2010 Bodi na Kamati zake zilikutana kujadili na kutoa maamuzi kuhusu shughuli za biashara. Idadi ya mikutano iliyofanyika katika mwaka huo ni kama ilivyoonyeshwa kwenye mabano:

- Bodi ya Wakurugenzi (6)
- Kamati ya Utendaji ya Bodi(4)
- Kamati ya Bodi ya Ukaguzi Tahadhari na Utimilifu (5)
- Kamati ya Bodi ya Rasilimali Watu na Marupurupu (3)
- Kamati ya Bodi ya Mikopo (15)

NUMBER OF MEETINGS ATTENDED NAMBA YA VIKAO VILIVYOHUHDURIWA					
Name of Director/ Jina la Mkurugenzi	Board Meeting	BHR & RC	BARCC	BCC	BEC
Misheck Ngatunga	6/6	-	-	15/15	4/4
Mike Laiser	6/6	3/3	5/5	-	-
Arnold Kuijpers	1/2	1/1	-	5/5	1/1
Bruce Dick	4/4	2/2	-	10/10	3/3
Protase Tehingisa	6/6	3/3	5/5	-	-
Jos van Lange	6/6	-	5/5	-	-
Felix Mosha	6/6	3/3	-	13/15	4/4
Yona Killagane	5/6	-	5/5	-	-
Margaret Ikongo	6/6	3/3	-	-	-
William Mlaki	6/6	-	-	10/15	-

Functions of the Board Committees

Board Executive Committee

This Committee exercises the powers of the Board to manage the company’s business and affairs between board meetings, when immediate action by the board is necessary or desirable but a special board meeting cannot be convened. Current members are Misheck Ngatunga, Felix Mosha and Bruce Dick.

Board Audit Risk and Compliance Committee

The primary function of this Committee is to assist the bank’s board of directors in fulfilling its oversight responsibilities

Majukumu ya Kamati za Bodi

Kamati ya Utendaji ya Bodi

Kamati hii inabeba majukumu ya Bodi katika kusimamia biashara na shughuli kabla ya mikutano ya Bodi wakati maamuzi ya Bodi yanahitajika sana lakini kikao cha Bodi maalumu hakijafanyika. Wajumbe wa sasa wa kamati hii ni Misheck Ngatunga, Felix Mosha na Bruce Dick.

Kamati ya Bodi ya Ukaguzi Tahadhari na Utimilifu

Jukumu la msingi la Kamati hii ni kusaidia Bodi ya Wakurugenzi wa benki katika kutekeleza majukumu yao yanayohusu



with respect to the financial reporting process, the system of internal control, the performance of the internal audit, risk and compliance functions and the monitoring of compliance with laws and regulations of various regulatory agencies. The current members of the Committee are Jos van Lange, Protase Tehingisa, Yona Killagane and Mike Laiser

Board Human Resources and Remuneration Committee

The primary function of this Committee is to assist the board in fulfilling its oversight responsibility to shareholders by ensuring coherent remuneration policies and practices that fairly and responsibly reward staff. It also oversees all human resource policies within the organization. The current members of the Board HR Committee are Felix Mosha, Bruce Dick, Protase Tehingisa, Margaret Ikongo and Mike Laiser.

Board Credit Committee

This Committee assists the Board and oversees the management of credit risks by continuously reviewing the credit portfolio and credit standards. The Committee also decides on credit requests above the limits delegated to management. The current members are Misheck Ngatunga, Felix Mosha, Bruce Dick and William Mlaki.

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.

Annual General Meeting

NMB was listed on the Dar es Salaam Stock Exchange in November 2008. The third Annual General Meeting as a public company will be held on 28th May 2011 at Mlimani City Hall, Dar es Salaam.

utaratibu wa kutoa taarifa za fedha, muundo wa udhibiti wa ndani, utendaji katika ukaguzi wa ndani, majukumu ya kazi za tahadhari na utimilifu na ufuatiliaji wa utimilifu kuona kwamba sheria na taratibu za vyombo mabalimbali vya usimamizi zinafuatwa. Wajumbe wa sasa wa Kamati hii ni Jos van Lange, Protase Tehingisa, Yona Killagane na Mike Laiser.

Kamati ya Bodi ya Rasilimali Watu na Marupurupu

Jukumu la msingi la Kamati hii ni kusaidia Bodi kutekeleza majukumu yake kwa wanahisa kwa kuhakikisha kwamba kunakuwa na sera nzuri ya utoaji wa marupurupu yaliyo wazi na kueleweka ambayo ni ya haki kulingana na wajibu wa mfanyakazi. Pia inaangalia sera zote zinazohusu nguvu kazi katika shirika. Wajumbe wa sasa wa Kamati hii ni Felix Mosha, Bruce Dick, Protase Tehingisa, Margaret Ikongo na Mike Laiser.

Kamati ya Bodi ya Mikopo

Kamati hii inasaidia Bodi na inaangalia usimamizi wa tahadhari za mikopo kwa kupitia kila wakati mikopo yote kwa jumla kuona kwamba inatolewa kulingana na vigezo vilivyowekwa. Kamati pia inatoa maamuzi juu ya mikopo iliyoombwa ambayo iko juu ya kiwango kilichowekwa kwa utawala. Wajumbe wa sasa wa Kamati hii ni Misheck Ngatunga, Felix Mosha, Bruce Dick na William Mlaki.

Uhusiano na Wakaguzi

Kamati ya Bodi ya Ukaguzi, Tahadhari na Utimilifu na Bodi nzima zilifanya vikao pamoja na Wakaguzi wa nje kujadili muda wa kuwatumia hawa wakaguzi na kupitia mkataba nao, na kazi zao pamoja na shughuli nyingine walizofanya katika mwaka husika unaotathiminiwa.

Mkutano Mkuu

NMB iliandikishwa katika Soko la hisa la Dar Es Salaam mwezi Novemba 2008. Mkutano Mkuu wa Mwaka wa NMB ikiwa kama kampuni utafanyika tarehe 28 Mei 2011 kwenye ukumbi wa Mlimani City, Dar es Salaam.

11 REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2010

1 The Directors submit their report together with the audited financial statements for the year ended 31 December 2010, which disclose the state of affairs of National Microfinance Bank Plc ('the Bank').

2 **Incorporation**

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

3 **Mission**

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

4 **Vision**

To be the preferred financial services partner in Tanzania.

5 **Principal Activities**

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

6 **Composition Of The Board Of Directors**

The Directors of the Bank at the date of this report and who have served since 01 January 2010, except where otherwise stated, are:-

NO.	NAME	POSITION	AGE	NATIONALITY	QUALIFICATION/ DISCIPLINE	DATE OF APPOINTMENT/ RESIGNATION
1	Mr Misheck Ngatunga	Chairman	71	Tanzanian	Economist/Banker	
2	Mr Mike Laiser	Member	59	Tanzanian	Economist	
3	Mr Protase Tehingisa	Member	64	Tanzanian	Lawyer	
4	Mr Arnold J.A.M. Kuijpers	Member	59	Dutch	Economist/Banker	Resigned 29 May 2010
5	Mr Jos van Lange	Member	55	Dutch	Economist/Banker	
6	Mr Felix G. N. Mosha	Member	67	Tanzanian	Economist	
7	Mr Yona Killagane	Member	57	Tanzanian	Certified Public Accountant	
8	Mrs Margaret T.M. Ikongo	Member	54	Tanzanian	Chartered Insurer	
9	Mr Bruce R. Dick	Member	62	Australian	Economist/Banker	Appointed 29 May 2010
10	Mr William Mlaki	Member	64	Tanzanian	Economist/Banker	Appointed 1 January 2010

Alternate Directors

NO.	NAME	POSITION	AGE	NATIONALITY	QUALIFICATION/ DISCIPLINE	DATE OF APPOINTMENT/ RESIGNATION
1	Mr Amani Sinare	Member	44	Tanzanian	Certified Public Accountant	

7 **Company Secretary**

The Bank's secretary as at 31 December 2010 was Mrs. Lilian R. Komwihangiro.

8 **Corporate Governance**

The Board of Directors consists of ten Directors. None of the Directors hold executive positions in the Bank. The Board takes overall responsibility for the Bank, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

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

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

BOARD EXECUTIVE COMMITTEE

NO.	NAME	POSITION
1	Mr Misheck Ngatunga	Chairman
2	Mr Felix G. N. Mosha	Member
3	Mr Bruce R. Dick	Member

BOARD AUDIT, RISK AND COMPLIANCE COMMITTEE

NO.	NAME	POSITION
1	Mr Jos van Lange	Chairman
2	Mr Mike Laiser	Member
3	Mr Protase Tehingisa	Member
4	Mr Yona Killagane	Member

BOARD HUMAN RESOURCES AND REMUNERATION COMMITTEE

NO.	NAME	POSITION
1	Mr Felix G. N. Mosha	Chairman
2	Mr Mike Laiser	Member
3	Mr Protase Tehingisa	Member
4	Mr Bruce R. Dick	Member
5	Mrs Margaret T.M. Ikongo	Member

BOARD CREDIT COMMITTEE

NO.	NAME	POSITION
1	Mr Misheck Ngatunga	Chairman
2	Mr Felix G. N. Mosha	Member
3	Mr William Mlaki	Member
4	Mr Bruce R. Dick	Member

During the year, there were 6 Board meetings (2 of which were special meetings). There were also 15 Board Credit Committee meetings, 4 Board Executive Committee meetings, 3 Board Human Resources and Remuneration Committee meetings and 5 Board Audit, Risk and Compliance meetings.

9 Capital Structure

The Bank's Capital Structure For The Year Under Review is shown below:

Authorised

625,000,000 ordinary shares of TZS 40 each (2009: 625,000,000 ordinary shares of TZS 40 each).

Called Up And Fully Paid

500,000,000 ordinary shares of TZS 40 each (2009: 500,000,000 ordinary shares of TZS 40 each).

10 Management Team

The Management of the Bank is under the Chief Executive Officer, assisted by the following:

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

11 Shareholders of the Bank

The total number of shareholders during the year 2010 is estimated to be 27,000 (2009: 27,000 shareholders).

None of the Directors are holding significant shares of the Bank.

The shares of the Bank are held as follows:

NAME OF THE SHAREHOLDER	2010 NUMBER OF SHARES	2009 NUMBER OF SHARES
Rabobank	174,500,000	174,500,000
Treasury Registrar	158,901,800	158,901,800
Public	101,941,339	96,098,200
National Investment Company (NICOL)	33,000,000	33,000,000
Exim Bank (Tanzania) Limited	22,975,904	29,000,000
TCCIA Investment Company Limited	8,680,957	8,500,000
	500,000,000	500,000,000

12 Stock exchange information

In 2008 the Bank was listed with Dar es Salaam Stock Exchange. The share price at the year end was TZS 660 (2009: TZS 810). Market capitalisation as at 31 December 2010 was TZS 330,000 million (31 December 2009: TZS 405,000 million).

13 Future development plans

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

14 Performance for the year

During the year the Bank had a net profit for the year of TZS 53,981 million (2009: TZS 47,550 million). In addition, the following achievements were recorded in the year:-

- The Bank recorded a profit before tax of TZS 78,445 million (2009: TZS 68,038 million);
- Deposits increased to TZS 1,812,647 million (2009: TZS 1,459,398 million); and
- Total assets increased to TZS 2,107,081 million (2009: TZS 1,669,333 million)

The audited financial statements for the year are set out on pages 44 to 91.

15 Dividend

The Directors propose payment of a dividend of TZS 36.00 per share, amounting to TZS 18 billion out of 2010 profit. In 2009, a dividend of TZS 31.40 per share, amounting to TZS 15.7 billion was approved and paid.

16 Resources

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

17 Principal risks and uncertainties

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

Fraud risk

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

Operational risk

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

Management ensures that the Bank complies with KYC and other internal procedures.

Financial risk

The Bank's activities expose it to variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. More details of the financial risks facing the Bank are provided in Note 3 to the financial statements.

18 Key Performance Indicators

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

PERFORMANCE INDICATOR	DEFINITION AND CALCULATION METHOD	INDUSTRY AVERAGE RATIOS 2010	NMB RATIOS 2010	NMB RATIO 2009
Return on equity	Net income/Total equity	13%	23%	28%
Return on assets	Net income/Total assets	2%	3%	3%
Cost to income ratio	Total costs/Net income	71%	61%	58%
Interest margin on earning assets	Total interest income/(interest in government securities +balances with other financial institutions + interbank loan receivables + investments in other securities + net loans, advances and overdraft	8%	9%	11%
Non - interest income to Gross income	Non - interest income/Total income	46%	36%	26%
Earnings per share	Basic earnings/ number of ordinary shares in issue	N/A	108	95
Gross loans to customers to customer deposits	Total loans to customers/total deposits from customer	56%	48%	47%
Non - performing loans to gross loans	Non - performing loans/Gross loans and advances	9%	4%	4%
Earning assets to total assets	Earning assets/Total assets	80%	77%	75%
Growth on total assets	Trend (2010 total assets – 2009 total assets/2009 total assets)*%	26%	26%	21%
Growth on loans and advances to customers	Trend (2010 loans and advances - 2009/2009)*%	21%	28%	18%
Growth on customer deposits	Trend (2010 deposits - 2009 deposits/2009 deposits)*%	26%	25%	22%
CAPITAL ADEQUACY				
Tier 1 Capital	Risk weighted assets including Off balance sheet items/CORE CAPITAL	17%	23%	20%
Tier 1+Tier 2 Capital	Risk Weighted assets including off-balance sheet items/TOTAL CAPITAL	17%	23%	20%

19 Risk Management And Internal Control

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

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

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Bank’s system is designed to provide the

Board with reasonable assurance that the procedures in place are operating effectively.

The Board assessed the internal control systems throughout the financial year ended 31 December 2010 and is of the opinion that they met accepted criteria.

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

20 Serious Prejudicial Matters

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

21 Solvency

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

22 Employees' Welfare

Management And Employees' Relationship

There was continued good relation between employees and Management for the year 2010. There were no unresolved complaints received by Management from the employees during the year. A healthy relationship continues to exist between Management and the Trade Union.

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

Training Facilities

During the year the Bank spent TZS 2,349 million (2009: TZS 2,163) for staff training in order to improve employee’s technical skills and hence effectiveness. Training programs have been and are continually being developed to ensure employees are adequately trained at all levels. All employees have some form of annual training to upgrade skills and enhance development.

Medical Assistance

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

Financial Assistance To Staff

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

Persons With Disabilities

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

Employees Benefit Plan

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

The number of employees during the year was 2,610 (2009: 2,478).

23 Gender Parity

The Bank had 2,610 employees, out of which 1,106 were female and 1,504 were male (2009: female 1,052, male 1,426).

24 Related Party Transactions

All related party transactions and balances are disclosed in note 32 to these financial statements.

25 Political And Charitable Donations

The Bank did not make any political donations during the year. Donations made to charitable and other organizations during the year amounted to TZS 503 million (2009: TZS 500 million).

26 Relationship With Stakeholders

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

27 Corporate Social Responsibility (CSR)

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

28 Auditors

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office and are eligible for re-appointment. A resolution proposing an appointment of the Bank's auditors for the year ending 31 December 2011 will be put to the Annual General Meeting.

By Order Of The Board



Misheck Ngatunga
Chairman of the NMB Board of Directors



Date

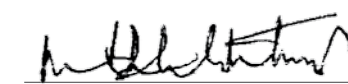
12

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2010

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

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

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



Misheck Ngatunga
Chairman of the NMB Board of Directors



Date

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REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF THE NATIONAL MICROFINANCE BANK PLC

Report on the Financial Statements

We have audited the accompanying financial statements of National Microfinance Bank Plc ("the Bank"), which comprise the balance sheet at 31 December 2010, the profit and loss account and statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order

to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion


In our opinion the accompanying financial statements give a true and fair view of the state of the Bank's financial affairs at 31 December 2010 and of its profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Companies Act, CAP 212 Act No. 12 of 2002.

Report on Other Legal and Regulatory Requirements

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

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

PricewaterhouseCoopers
Certified Public Accountants
Dar es Salaam



Signed by Michael M Sallu



Date

National Microfinance Bank PLC

Financial Statements for the Year Ended 31 December 2010

PROFIT AND LOSS ACCOUNT

	Notes	2010 TZS'Millions	2009 TZS'Millions
Interest and similar income	5	141,442	141,359
Interest and similar expenses	6	(11,032)	(13,841)
Net interest income		130,410	127,518
Loan impairment charges	18	(1,674)	(7,025)
Net interest income after loan impairment		128,736	120,493
Fee and commission income	7	54,623	33,466
Fee and commission expense		(1,583)	(1,357)
Net fee and commission income		53,040	32,109
Foreign exchange income	8	12,292	3,457
Other operating income	9	4,257	4,849
Operating expenses	10	(119,880)	(92,870)
Profit before income tax		78,445	68,038
Income tax expense	12	(24,464)	(20,488)
Profit for the year		53,981	47,550
Earnings per share			
Basic and diluted earnings per share (TZS)	13	107.96	95.10
Dividend per Share (TZS)	14	36.00	31.40

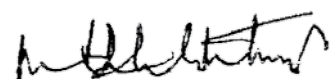
STATEMENT OF COMPREHENSIVE INCOME

	2010 TZS'Millions	2009 TZS'Millions
Profit for the year	53,981	47,550
Other comprehensive income	-	-
Total comprehensive income for the year	53,981	47,550

BALANCE SHEET AS AT 31 DECEMBER 2010

	Notes	2010 TZS'Millions	2009 TZS'Millions
ASSETS			
Cash and balances with Bank of Tanzania	15	399,227	333,380
Government securities held-to-maturity	16	633,964	523,084
Placements with other banks	17	152,306	96,160
Loans and advances to customers	18	857,785	672,580
Other assets	19	5,284	8,357
Current income tax		1,657	1,872
Intangible assets	21	977	1,279
Property and equipment	20	48,604	31,855
Deferred income tax	24	4,446	766
Advance towards equity investments	31	2,831	-
TOTAL ASSETS		2,107,081	1,669,333
LIABILITIES			
Deposits from customers	22	1,812,647	1,459,398
Deposits from banks		29,442	-
Other liabilities	23	34,472	17,696
TOTAL LIABILITIES		1,876,561	1,477,094
SHAREHOLDERS' EQUITY			
Share capital	25	20,000	20,000
Retained earnings		210,520	170,034
Regulatory reserve		-	2,205
TOTAL SHAREHOLDERS' EQUITY		230,520	192,239
TOTAL LIABILITIES AND EQUITY		2,107,081	1,669,333

The financial statements on pages 44 to 87 were approved by the Board of Directors and signed on its behalf by:



Misheck Ngatunga
Chairman



Date

STATEMENT OF CHANGES IN EQUITY

	Share capital TZS'Millions	Retained earnings TZS'Millions	Regulatory reserve TZS'Millions	TOTAL TZS'Millions
YEAR ENDED 31 DECEMBER 2010				
At start of year	20,000	170,034	2,205	192,239
Profit/total comprehensive income for the year	-	53,981	-	53,981
	20,000	224,015	2,205	246,220
Dividends paid	-	(15,700)	-	(15,700)
Transfer from regulatory reserve	-	2,205	(2,205)	-
At end of year	20,000	210,520	-	230,520
YEAR ENDED 31 DECEMBER 2009				
At start of year	20,000	134,250	5,439	159,689
Profit/total comprehensive income for the year	-	47,550	-	47,550
	20,000	181,800	5,439	207,239
Dividends paid	-	(15,000)	-	(15,000)
Transfer from regulatory reserve	-	3,234	(3,234)	-
At end of year	20,000	170,034	2,205	192,239

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

CASH FLOW STATEMENT

	Notes	2010 TZS'Millions	2009 TZS'Millions
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest receipts		139,036	150,503
Interest payments		(10,845)	(13,921)
Net fee and commission receipts		53,040	32,109
Other income received (foreign exchange and other income)		16,549	8,306
Payments to employees and suppliers		(110,024)	(98,244)
Income tax paid		(27,930)	(20,337)
Cash flows from operating activities before changes in operating assets and liabilities		59,826	58,416
CHANGES IN OPERATING ASSETS AND LIABILITIES:			
Loans and advances		(183,786)	(103,101)
Investment in government securities		(49,057)	50,332
Investment securities held to maturity		-	714
Cash reserve requirement		(22,091)	(84,600)
Other assets		3,073	5,601
Customer deposits		353,249	258,895
Other liabilities		16,776	7,896
Deposits from banks		29,442	(6,536)
Net cash from operating activities		207,432	187,617
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	20	(24,664)	(20,622)
Purchase of intangible assets	21	(812)	(1,024)
Proceeds from sale of property and equipment		23	8
Purchase of shares in other companies	31	(2,831)	-
Net cash used in investing activities		(28,284)	(21,638)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(15,700)	(15,000)
Net cash used in financing activities		(15,700)	(15,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS		163,448	150,979
Cash and cash equivalents at start of year		424,130	273,151
CASH AND CASH EQUIVALENTS AT END OF YEAR	26	587,578	424,130

NOTES

General Information

The Bank is a public limited liability company and is incorporated and domiciled in the United Republic of Tanzania. The address of its registered office is as follows:

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

The Bank is listed on the Dar es Salaam stock exchange (DSE).

Summary Of Significant Accounting Policies

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

A BASIS OF PREPARATION

The Bank's financial statements for the year 2010 have been prepared in accordance with International Financial Reporting Standards (IFRS). Additional information required by the Tanzania Companies Act 2002 is included where appropriate.

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

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

(i) New and amended standards adopted by the Bank

The amendments to existing standards below that are part of the Annual Improvements Project 2009 are relevant to the Bank's operations:-

STANDARD INTERPRETATION	CONTENTS	APPLICABLE FOR FINANCIAL YEARS BEGINNING ON/AFTER
IAS 1	Presentation of financial statements	1 January 2010
IAS 17	Leases	1 January 2010
IAS 36	Impairment of Assets	1 January 2010
IFRS 8	Operating Segments	1 January 2010

NOTES (CONTINUED)

IAS 1, ‘Presentation of financial statements’. The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period. The application of the amendment does not have a significant impact on the Bank’s financial statements.

IAS 17 ‘Leases. The amendment clarifies that when a lease includes both land and buildings elements, an entity shall assess the classification of each element as finance or an operating lease separately. The application of the amendment does not have a significant impact on the Bank’s financial statements.

IAS 36, ‘Impairment of Assets’. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8, ‘Operating Segments’ (that is, before the aggregation of segments with similar economic characteristics). The application of the amendment does not have any impact on the Bank’s financial statements.

IFRS 8, ‘Operating Segments’. The amendment removes the requirement to provide a measure of total assets for each reportable segment. Instead a measure of total assets and total liabilities should be provided if such amounts are regularly provided to the Chief Operating Decision Maker (CODM). The application of the amendment does not have a significant impact on the Bank’s financial statements.

(ii) New and amended standards, and interpretations mandatory for the financial year beginning 1 January 2010 but not relevant to the Bank

STANDARD/ INTERPERTATION	TITLE	APPLICABLE FOR FINANCIAL YEARS BEGINNING ON/AFTER
IFRS 1	First-time Adoption of International Financial Reporting Standards - Additional exemptions for first-time adopters	1 July 2009
IFRS 2 (amended)	Share-based payment – Group cash-settled share-based payment transaction	1 January 2010
IFRS 2	Share-based Payment (part of Annual Improvement Project 2009) - Scope of IFRS 2 and revised IFRS 3	1 July 2009
IFRS 3	Business combinations	1 July 2009
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations (part of Annual Improvement Project 2009) – Disclosures of non-current assets (or disposal groups) classified as held for sale or discontinued operations	1 January 2010
IAS 27 (revised)	Consolidated and Separate Financial Statements	1 July 2009
IAS 38	Intangible assets (part of Annual Improvement Project 2009) – Additional consequential amendments arising from revised IFRS 3	1 July 2009
IAS 39	Financial Instruments: Recognition and Measurement (part of Annual Improvement Project 2009) : (i) Treating loan prepayment penalties as closely related embedded derivatives (ii) Scope exemption for business combination contracts	1 January 2010
IFRIC 9 & IAS 39	Reassessment of embedded derivatives & Financial Instruments: Recognition and Measurement	30 June 2009
IFRIC 17	Distribution of non-cash assets to owners	1 July 2009
IFRIC 18	Transfers of assets from customers	1 July 2009

NOTES (CONTINUED)

(iii) Standards and interpretations issued but not yet effective

The following new standards, amendments to existing standards and interpretations have been issued and are mandatory for the Bank’s accounting periods beginning on or after 1 January 2011 or later periods and are not expected to be relevant to the Bank, except for IFRS 9.

STANDARD/ INTERPERTATION	TITLE	APPLICABLE FOR FINANCIAL YEARS BEGINNING ON/AFTER
IFRS 1 (amended)	First-time Adoption of International Financial Reporting Standards – Limited exemption from comparative IFRS 7 disclosures for first-time adopters	1 July 2010
IFRS 9	Financial instruments part 1: Classification and measurement	1 January 2013
IAS 24 (amended)	Related party disclosures	1 January 2011
IAS 32 (amended)	Financial instruments: Presentation – Classification of rights issue	11 February 2010
IFRIC 14 (amended)	IAS 19 – The limit on a defined benefit asset, minimum funding requirement and their interaction	1 January 2011
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

IFRS 9, ‘Financial instruments part 1: Classification and measurement’ and part 2: Financial liabilities and Derecognition of financial instruments

IFRS 9, part 1 was issued in November 2009 and replaces those parts of IAS 39 relating to the classification and measurement of financial assets. Key features are as follows:

- Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.
- An instrument is subsequently measured at amortised cost only if it is a debt instrument and both the objective of the entity’s business model is to hold the asset to collect the contractual cash flows, and the asset’s contractual cash flows represent only payments of principal and interest (that is, it has only ‘basic loan features’). All other debt instruments are to be measured at fair value through profit or loss.
- All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.
- While adoption of IFRS 9 is mandatory from 1 January 2013, earlier adoption is permitted. The Bank is considering the implications of the Standard, the impact on the Bank and the timing of its adoption by the Bank.
- IFRS 9, part 2 was issued in October 2010 and includes guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation of financial liabilities and for derecognising financial instruments has been relocated from IAS 39, ‘Financial instruments: Recognition and Measurement’, without change except for financial liabilities that are designated at fair value through profit or loss.

NOTES (CONTINUED)

- Under the new standard, entities with financial liabilities at fair value through profit or loss recognise changes in the liability's credit risk directly in other comprehensive income. There is no subsequent recycling of the amounts in other comprehensive income to profit or loss, but accumulated gains or losses may be transferred within equity.

Improvements to IFRS

'Improvements to IFRS' were issued in May 2010. The amendments that are relevant to the Bank's operations relate to: IFRS 7, 'Financial Instruments: Disclosures' and IAS 1, 'Presentation of financial statements'. Most of the amendments are effective for annual periods beginning on or after 1 January 2011 with early application permitted.

IFRS 7, 'Financial Instruments: Disclosures'. The amendment emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments.

IAS 1, 'Presentation of financial statements'. The amendment clarifies that an entity must present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

(iv) Early adoption of standards

The Bank did not early adopt new or amended standards in 2010.

B INTEREST INCOME AND EXPENSE

Interest income and expense for all interest-bearing financial instruments, except for those classified as held for trading or designated at fair value through profit or loss, are recognised within 'interest income' or 'interest expense' in the profit and loss account using the effective interest method.

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

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

C FEE AND COMMISSION INCOME

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

D FOREIGN CURRENCY TRANSLATION

Transactions are recorded on initial recognition in Tanzania Shillings, being the currency of the primary economic environment in which the Bank operates (the functional currency). Transactions in foreign currencies during the year are converted into the

NOTES (CONTINUED)

Tanzania Shillings using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

E FINANCIAL ASSETS

The Bank classifies its financial assets into the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity financial assets; and available-for-sale financial assets. Management determines the appropriate classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

This category comprises two sub-categories: financial assets classified as held for trading, and financial assets designated by the Bank as at fair value through profit or loss upon initial recognition.

A financial asset is classified as held for trading if it is acquired principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments. Financial assets held for trading consist of debt instruments, traded corporate and bank loans, and equity instruments, as well as financial assets with embedded derivatives. They are recognised in the balance sheet as 'Financial assets held for trading'.

Financial instruments included in this category are recognised initially at fair value; transaction costs are taken directly to profit or loss. Gains and losses arising from changes in fair value are included directly in profit or loss and are reported as 'net gains/(losses) on financial instruments classified as held for trading'. Interest income and expense and dividend income and expenses on financial assets held for trading are included in 'Net interest income' or 'Dividend income', respectively.

The Bank designates certain financial assets upon initial recognition as at fair value through profit or loss (fair value option). This designation cannot subsequently be changed and can only be applied when the following conditions are met:

- the application of the fair value option reduces or eliminates an accounting mismatch that would otherwise arise or;
- the financial assets are part of a portfolio of financial instruments which is risk managed and reported to senior management on a fair value basis or; and
- the financial assets consists of debt host and an embedded derivatives that must be separated.

To reduce accounting mismatch, the fair value option is applied to certain loans and receivables that are hedged with credit derivatives or interest rate swaps but for which the hedge accounting conditions of IAS 39 are not fulfilled. The loans would have been otherwise accounted for at amortised cost, whereas the derivatives are measured at fair value through profit or loss.

Financial assets for which the fair value option is applied are recognised in the balance sheet as 'Financial assets designated at fair value'. Fair value changes relating to financial assets designated at fair value through profit or loss are recognised in 'Net gains on financial instruments designated at fair value through profit or loss'.

(ii) Loans and receivables

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

- (a) those that the Bank intends to sell immediately or in the short term, which are classified as held for trading, and those that the Bank upon initial recognition designates as at fair value through profit or loss;

NOTES (CONTINUED)

- (b) those that the Bank upon initial recognition designates as available for sale; or
- (c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are initially recognised at fair value – which is the cash consideration to originate or purchase the loan including any transaction costs – and measured subsequently at amortised cost using the effective interest method. Loans and receivables are reported in the balance sheet as Placement with other banks or customers or as investment securities. Interest on loans is included in the profit and loss account and is reported as ‘Interest and similar income’. In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the loan and recognised in the profit and loss account as ‘loan impairment charges’.

(iii) Held-to-maturity investments

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

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

These are initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortised cost, using the effective interest method.

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

(iv) Available-for-sale financial assets

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

Available-for-sale financial assets are initially recognised at fair value, which is the cash consideration including any transaction costs, and measured subsequently at fair value with gains and losses being recognised in the statement of comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised. If an available-for-sale financial asset is determined to be impaired, the cumulative gain or loss previously recognised in the statement of comprehensive income is recognised in the profit and loss account. However, interest is calculated using the effective interest method, and foreign currency gains and losses on monetary assets classified as available for sale are recognised in the profit and loss account. Dividends on available-for-sale equity instruments are recognised in the profit and loss account in ‘Dividend income’ when the Bank’s right to receive payment is established.

F RECOGNITION OF FINANCIAL ASSETS

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

NOTES (CONTINUED)

G FINANCIAL LIABILITIES

The Bank’s holding in financial liabilities is in financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that are designated at fair value), financial liabilities at amortised cost and hedging derivatives. Financial liabilities are derecognized when extinguished.

(i) Financial liabilities at fair value through profit or loss

This category comprises two sub-categories: financial liabilities classified as held for trading and financial liabilities designated by the Bank as at fair value through profit or loss upon initial recognition.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments.

Gains and losses arising from changes in fair value of financial liabilities classified held for trading are included in the profit and loss account and are reported as ‘Net gains/(losses) on financial instruments classified as held for trading’. Interest expenses on financial liabilities held for trading are included in interest expense.

The Bank designates certain debt securities upon initial recognition as at fair value through profit or loss (fair value option); this designation cannot be changed subsequently.

(ii) Other liabilities measured at amortised cost

Financial liabilities that are not classified at fair value through profit or loss fall into this category and are measured at amortised cost. Financial liabilities measured at amortised cost are deposits from banks or customers and debt securities in issue for which the fair value option is not applied.

H DETERMINATION OF FAIR VALUE

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

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

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

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

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

NOTES (CONTINUED)

I DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

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

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

J RECLASSIFICATION OF FINANCIAL ASSETS

The Bank may choose to reclassify a non-derivative financial asset held for trading out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near-term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Bank may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Bank has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

On reclassification of a financial asset out of the ‘at fair value through profit or loss’ category, all embedded derivatives are re-assessed and, if necessary, separately accounted for.

K IMPAIRMENT OF FINANCIAL ASSETS

(i) Assets carried at armotised cost

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The criteria that the Bank uses to determine that there is objective evidence of an impairment loss include:

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

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

The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Bank determines that no

NOTES (CONTINUED)

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

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

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

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

(ii) Assets classified as available-for-sale

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

(iii) Renegotiated loans

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

L IMPAIRMENT OF NON-FINANCIAL ASSETS

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

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. No non-financial assets were impaired in 2010.

M INCOME TAX

Income tax expense is the aggregate of the charge to the profit and loss account in respect of current income tax and deferred

NOTES (CONTINUED)

income tax. Current income tax is the amount of income tax payable on the taxable profit for the period determined in accordance with the Tanzanian Income Tax Act.

Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit/loss, it is not accounted for. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

N PROVISIONS

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

O PROPERTY AND EQUIPMENT

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

	%
Building	5.0
Motor vehicles	25.0
Furniture, fittings and equipment	20.0
Computer equipment and software	33.3

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

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

P INTANGIBLE ASSETS

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to five years).

Q CASH AND CASH EQUIVALENTS

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

NOTES (CONTINUED)

R EMPLOYEE BENEFITS

(i) Retirement benefit obligations

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

(ii) Other entitlements

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

S SHARE CAPITAL

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity.

(i) Share issue costs

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.

(ii) Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Bank's shareholders.

T LEASES

Leases are classified into finance leases and operating leases.

(a) The Bank is the lessee

(i) Operating lease

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

(ii) Finance lease

Leases of assets where the Bank has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in deposits from banks or deposits from customers depending on the counter party. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The investment properties acquired under finance leases are measured subsequently at their fair value.

NOTES (CONTINUED)

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

(b) The Bank is the lessor

When assets are held subject to a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return.

(c) Fees paid in connection with arranging leases

The Bank makes payments to agents for services in connection with negotiating lease contracts with the Bank's lessees. For operating leases, the letting fees are capitalised within the carrying amount of the related investment property, and depreciated over the life of the lease.

U ASSOCIATES

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

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

V SUBSIDIARIES

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

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

NOTES (CONTINUED)

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

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

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

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

W OFFSETTING FINANCIAL INSTRUMENTS

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

X ACCEPTANCES AND LETTERS OF CREDIT

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

Y COMPARATIVES

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

Where IAS 8 applies, comparative figures have been adjusted to conform with changes in presentation in the current year.

NOTES (CONTINUED)

2 SEGMENT REPORTING

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

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

The segment information provided to the Bank's Management Team for the reportable segments for the year ended 31 December 2010 is as follows (all amounts in TZS million):

	Treasury		Corporate Banking		Retail Banking		TOTAL	
	2010	2009	2010	2009	2010	2009	2010	2009
Interest income	36,751	49,022	28,557	23,910	76,134	68,427	141,442	141,359
Interest expense	(25,912)	(38,944)	(15,310)	(13,425)	30,190	38,528	(11,032)	(13,841)
NET INTEREST INCOME	10,839	10,078	13,247	10,485	106,323	106,955	130,410	127,518
Credit impairment charges	-	-	687	(1,293)	(2,361)	(5,732)	(1,674)	(7,025)
Non-interest income	12,718	4,142	7,220	3,640	49,651	32,633	69,589	40,415
Non-interest expenses	(12,626)	(9,768)	(14,263)	(9,325)	(92,991)	(73,777)	(119,880)	(92,870)
OPERATING PROFIT	10,931	4,452	6,891	3,507	60,622	60,079	78,445	68,038
Income tax provision	(3,409)	(1,341)	(2,149)	(1,056)	(18,906)	(18,091)	(24,464)	(20,488)
Profit after tax	7,522	3,111	4,742	2,451	41,717	41,988	53,981	47,550
TOTAL ASSETS	1,185,497	878,128	240,629	245,621	680,955	545,584	2,107,081	1,669,333
TOTAL LIABILITIES	29,442	191,572	707,763	955,617	1,369,876	522,144	2,107,081	1,669,333

3 Financial Risk Management

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

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

NOTES (CONTINUED)

3.1 CREDIT RISK

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

3.1.1 Credit risk measurement

LOANS AND ADVANCES

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

These credit risk measurements, which reflect expected loss (the 'expected loss model'), are embedded in the Bank's daily operational management. The operational measurements can be contrasted with impairment allowances required under IAS 39, which are based on losses that have been incurred at the balance sheet date (the 'incurred loss model') rather than expected losses.

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

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

BANK'S RATING	DESCRIPTION OF THE GRADE
1	Current
2	Especially mentioned
3	Sub-standard
4	Doubtful
5	Loss

3.1.2 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

NOTES (CONTINUED)

of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

(b) Collateral

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

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

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

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

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

Credit-related commitments

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

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

3.1.3 Impairment and provisioning policies

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

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

	31 DECEMBER 2010		31 DECEMBER 2009	
	Loans and advances	Impairment provision	Loans and advances	Impairment provision
Micro and Small Enterprises (MSEs)	113,426	5,420	83,828	4,926
Consumer	454,916	7,581	318,298	6,943
Small and Medium size Enterprises (SMEs)	63,247	1,432	41,575	2,260
Corporate customers	243,161	2,532	245,621	2,469
	874,750	16,965	689,322	16,598

NOTES (CONTINUED)

In assessing the level of impairment, management determines whether objective evidence of impairment exists under IAS 39, based on the criteria detailed in Note 2 [k (i)].

The Bank's policy requires the review of individual financial assets that are above materiality thresholds at least annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at balance-sheet date on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account.

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

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

Bank's Rating	31 DECEMBER 2010		31 DECEMBER 2009	
	Loans and advances (%)	Impairment provision (%)	Loans and advances (%)	Impairment provision (%)
1. Current	90.4	8	90	2
2. Especially mentioned	7.3	1	2	2
3. Sub-standard	0.7	2	1	6
4. Doubtful	0.6	5	1	13
5. Loss	1.0	84	6	77
	100	100	100	100

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

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

	2010 (TZS'Millions)	2009 (TZS'Millions)
Balances with Bank of Tanzania	235,074	217,523
Placement with other banks	152,306	96,160
Government securities held to maturity	633,964	523,084
LOANS AND ADVANCES TO CUSTOMERS:		
LOANS TO INDIVIDUALS:		
MSEs	113,426	83,828
Consumer loans	454,916	306,789
LOANS TO CORPORATE ENTITIES:		
Corporate customers	243,161	242,772
Small and medium size enterprises (SME's)	63,247	39,191
Other assets	5,284	8,357
	1,901,378	1,517,704

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

	2010 (TZS'Millions)	2009 (TZS'Millions)
Financial guarantees, outstanding letters of credit and indemnities	707	3,175
Commitments to extend credit	72,168	53,631
	72,875	56,806
As at 31 December	1,974,253	1,574,510

NOTES (CONTINUED)

The above table represents a worse case scenario of credit risk exposure to the Bank at 31 December 2010 and 2009, without taking account any collateral held or other credit enhancements attached. For on-balance-sheet assets, the exposures set out above are based on net carrying amounts as reported in the balance sheet.

As shown above, of the total maximum exposure 59% is derived from Placement with other banks and customers (December 2009: 61%); 37% represents investments in debt securities (December 2009: 38%).

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

- 96.4% of the loans and advances portfolio is categorised in the top two grades of the internal rating system (2009: 92%);
- Salaried Workers Loans (SWL), which represents the biggest group in the portfolio, are deducted at source by the employers;
- 90% of the loans and advances portfolio are considered to be neither past due nor impaired (2009: 91%);
- The Bank has introduced a more stringent selection process in granting loans and advances; and
- 100% of the investments in securities are Government Treasury bills and bonds.

3.1.5 Loans and advances

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

	31 DECEMBER 2010		31 DECEMBER 2009	
	Loans and advances to customers	Impairment provision	Loans and advances to customers	Impairment provision
Neither past due nor impaired	789,566	152,306	558,351	96,160
Past due but not impaired	66,658	-	90,967	-
Impaired	18,526	-	40,004	-
Gross	874,750	152,306	689,322	96,160
Less: allowance for impairment	(16,965)	-	(16,598)	-
Net	857,785	152,306	672,508	96,160

The total impairment provision for loans and advances is TZS 16,965 million (2009: TZS 16,598 million). This amount represents both the individually impaired loans and portfolio impairment provision. Further analysis of the impairment provision for loans and advances to customers is provided in Note 18.

During the year ended 31 December 2010, the Bank's total loans and advances increased by 28% as a result of the expansion of the lending business. When entering into new markets or new industries, in order to minimise the potential increase of credit risk exposure, the Bank focused more on the business with large corporate enterprises, quality SMEs and guaranteed Salary Workers Loans.

NOTES (CONTINUED)

(a) Loans and advances neither past due nor impaired

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

	2010 (TZS'Millions)	2009 (TZS'Millions)
MSE's	106,178	57,380
Consumer loans	405,983	290,866
Corporate customers	215,872	176,208
SMEs	61,532	33,897
	789,566	558,351
Placement with other banks	152,306	96,160

(b) Loans and advances past due but not impaired

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

	Individual (retail) customers		Corporate Entities		Total
	MSEs	Consumer	Corporate Consumers	SMEs	
31 DECEMBER 2010					
Past due up to 30 days	2,697	21,206	25,882	1,211	50,996
Past due 30 - 60 days	381	3,386	-	400	4,167
Past due 60 - 90 days	250	2,054	-	230	2,534
Past due 90 – 180 days	463	4,499	-	1,551	6,512
Past due 180 days – 270 days	6	-	-	-	6
Past due 270 days and above	2,443	-	-	-	2,443
TOTAL	6,241	31,145	25,882	3,391	66,658
Fair value of collateral					
	-	-	29,764	3,897	33,661
31 DECEMBER 2009					
Past due up to 30 days	1,154	21,414	30,119	1,108	53,795
Past due 30 - 60 days	484	6,573	-	431	7,488
Past due 60 - 90 days	258	3,352	-	178	3,788
Past due 90 – 180 days	484	5,282	-	461	6,227
Past due 180 days – 270 days	385	3,210	-	313	3,907
Past due 270 days and above	6,941	8,125	-	695	15,761
TOTAL	9,706	47,956	30,119	3,186	90,967
Fair value of collateral					
	-	-	33,432	3,568	37,000

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

NOTES (CONTINUED)

(c) Loans and advances individually impaired

The amount of individually impaired loans and advances as at 31 December 2010 was TZS 18,526 million (2009: 40,004 million).

The breakdown of the gross amount of individually impaired loans and advances by class, along with the fair value (FV) of related collateral held by the Bank as security, are as follows:

	2010 (TZS Millions)	FV of collateral (TZS Millions)	2009 (TZS Millions)	FV of collateral (TZS Millions)
MSE's	3,463	-	11,522	-
Consumer loans	8,555	-	19,940	-
Corporate customers	4,600	7,450	1,580	8,072
SMEs	1,908	410	6,962	-
	18,526	7,860	40,004	8,072

(d) Amounts due from banks

The total gross amount of individually impaired amounts due from banks as at 31 December 2010 was Nil (2009: Nil). No collateral is held by the Bank, and no impairment provision has been provided against the gross amount.

(e) Loans and advances renegotiated

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Following restructuring, a previously overdue customer account is reset to a normal status and managed together with other similar accounts. Restructuring policies and practices are based on indicators or criteria which, in the judgment of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to corporate loans. There were no renegotiated loans that would otherwise be past due or impaired at 31 December 2010 (December 2009: Nil).

3.1.6 Debt securities, treasury bills and other eligible bills

The only investment securities held by the Bank are Treasury Bills issued by the Government. At the balance sheet date, these investments were not impaired.

3.1.7 Repossessed collateral

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

3.1.8 Concentration of risks of financial assets with credit risk exposure

(a) Geographical sectors

The following table breaks down the Bank's main credit exposure at their carrying amounts, as categorised by geographical region as of 31 December 2010. For this table, the Bank has allocated exposures to regions based on the country of domicile of its counterparties (Amounts are in TZS' Millions).

NOTES (CONTINUED)

Credit risk exposures relating to on-balance sheet assets are as follows:	Tanzania	Europe	America	Others	Total
31 DECEMBER 2010					
Placements with other banks	126,251	15,852	10,197	6	152,306
Government securities held to maturity	633,964	-	-	-	633,964
LOANS AND ADVANCES TO CUSTOMERS:					
Loans to individuals:					
MSEs	113,426	-	-	-	113,426
Consumer loans	454,916	-	-	-	454,916
LOANS TO CORPORATE ENTITIES:					
Corporate customers	242,161	-	-	-	243,161
SMEs	63,247	-	-	-	63,247
OTHER ASSETS	5,284	-	-	-	5,284
As at 31 December 2010	1,640,249	15,852	10,197	6	1,666,304

Credit risk exposures relating to off-balance sheet assets are as follows:					
Guarantees and Indemnities	154	-	-	-	154
Overdraft	72,168	-	-	-	72,168
Acceptances and letters of credit	553	-	-	-	553
As at 31 December 2010	72,875	-	-	-	72,875

Credit risk exposures relating to on-balance sheet assets are as follows:	Tanzania	Europe	America	Others	Total
31 DECEMBER 2009					
Placements with other banks	66,960	17,613	11,587	-	96,160
Government securities held to maturity	523,084	-	-	-	523,084
LOANS AND ADVANCES TO CUSTOMERS:					
Loans to individuals:					
MSEs	83,828	-	-	-	83,828
Customer loans	306,789	-	-	-	306,789
LOANS TO CORPORATE ENTITIES:					
Corporate customers	242,772	-	-	-	242,772
SMEs	39,191	-	-	-	39,191
OTHER ASSETS	8,357	-	-	-	8,357
As at 31 December 2009	1,270,981	17,613	11,587	-	1,300,181

Credit risk exposures relating to off-balance sheet assets are as follows:					
Guarantees and Indemnities	3,175	-	-	-	3,175
Overdraft	53,631	-	-	-	53,631
Acceptances and letters of credit	357	-	-	-	357
As at 31 December 2009	57,163	-	-	-	57,163

NOTES (CONTINUED)

(b) Industry sectors

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

	Financial Institutions	Manufacturing	Trading & commercial	Transport & communication	Wholesale & retail	Agriculture	Individuals	Others	Total
Placements with other banks	152,306	-	-	-	-	-	-	-	152,306
Government securities held to maturity	633,964	-	-	-	-	-	-	-	633,964
LOANS AND ADVANCES TO CUSTOMERS:									
Loans to individuals:									
MSEs	-	2,227	4,506	1,151	46,972	44,019	967	13,582	113,426
Consumer loans	-	79	42	4	377	19	446,570	7,827	454,916
LOANS TO CORPORATE ENTITIES:									
Corporate customers	-	180,506	385	48,511	-	1,002	-	12,757	243,161
SMEs	-	1,413	5,358	1,240	44,291	1,125	742	9,080	63,247
OTHER ASSETS	-	-	-	-	-	-	-	5,284	5,284
AS AT 31 DECEMBER 2010	786,270	184,225	10,291	50,905	91,640	46,165	448,279	48,530	1,666,304
Credit risk exposures relating to off-balance sheet assets are as follows:									
Guarantees and Indemnities	-	-	154	-	-	-	-	-	154
Overdraft	826	-	46,004	48	903	21,701	1,737	949	72,168
Acceptances and letters of credit	-	-	-	-	-	-	-	553	553
AS AT 31 DECEMBER 2010	826	-	46,158	48	903	21,701	1,737	1,502	72,875

	Financial Institutions	Manufacturing	Trading & commercial	Transport & communication	Wholesale & retail	Agriculture	Individuals	Others	Total
Placements with other banks	96,160	-	-	-	-	-	-	-	96,160
Government securities held to maturity	523,083	-	-	-	-	-	-	-	523,084
LOANS AND ADVANCES TO CUSTOMERS:									
Loans to individuals:									
MSEs	7,137	-	29,170	1,501	18,385	24,085	-	3,550	83,828
Consumer loans	-	-	-	-	-	-	306,789	-	306,789
LOANS TO CORPORATE ENTITIES:									
Corporate customers	1,900	81,017	145,116	75,000	34	3,722	-	67,165	242,772
SMEs	-	19,157	20,034	-	-	-	-	-	39,191
OTHER ASSETS	-	-	-	-	-	-	-	8,357	8,357
AS AT 31 DECEMBER 2010	628,280	100,174	194,320	76,501	18,419	27,807	306,789	79,702	1,300,181
Credit risk exposures relating to off-balance sheet assets are as follows:									
Guarantees and Indemnities	-	-	1,213	-	-	-	-	-	1,213
Overdraft	807	-	38,025	-	182	13,233	-	1,384	53,631
Acceptances and letters of credit	-	-	2,319	-	-	-	-	-	2,319
AS AT 31 DECEMBER 2010	807	-	41,557	-	182	13,233	-	1,384	57,163

NOTES (CONTINUED)

3.2 MARKET RISK

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

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

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

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

3.2.1 Foreign exchange risk

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. ALCO sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily.

Foreign exchange sensitivity analysis

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

The table below summarises the Bank's exposure to foreign currency exchange rate risk at 31 December 2010. Included in the table are the Bank's financial instruments at carrying amounts, categorised by currency (all amounts expressed in millions of Tanzania Shillings).

NOTES (CONTINUED)

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

	TZS	USD	EURO	GBP	Total
AS AT 31 DECEMBER 2010					
ASSETS					
Cash and balances with Bank of Tanzania	376,516	21,701	880	130	399,227
Placements with other banks	128,518	20,850	2,171	767	152,306
Government securities held to maturity	633,964	-	-	-	633,964
Loans and advances to customers	828,994	28,791	-	-	857,785
Other assets	5,284	-	-	-	5,284
TOTAL FINANCIAL ASSETS	1,973,276	71,342	3,051	897	2,048,566

LIABILITIES

Deposits from customers	1,772,536	39,799	308	4	1,812,647
Deposits from banks	29,442	-	-	-	29,442
Other liabilities	34,472	-	-	-	34,472
TOTAL FINANCIAL LIABILITIES	1,836,450	39,799	308	4	1,876,561
Net on-balance sheet financial position	136,826	31,544	2,743	893	172,005
Off balance sheet position: Credit commitments	71,227	941	-	-	72,168

	TZS	USD	EURO	GBP	Total
AS AT 31 DECEMBER 2009					
ASSETS					
Cash and balances with Bank of Tanzania	329,040	3,341	924	75	333,380
Placements with other banks	59,740	31,813	4,360	247	96,160
Government securities held to maturity	523,084	-	-	-	523,084
Loans and advances to customers	672,568	12	-	-	672,568
Other assets	8,128	82	74	73	8,357
TOTAL FINANCIAL ASSETS	1,592,560	35,248	5,358	395	1,633,562

LIABILITIES

Deposits from customers	1,431,840	26,991	560	7	1,459,398
Deposits from banks	-	-	-	-	-
Other liabilities	14,124	3,539	27	6	17,696
TOTAL FINANCIAL LIABILITIES	1,445,964	30,530	587	13	1,477,094
Net on-balance sheet financial position	163,298	4,717	4,791	384	173,189
Off balance sheet position: Credit commitments	53,887	3,230	38	8	57,162

NOTES (CONTINUED)

3.2.2 Interest rate risk

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

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

	Up to 1 month TZS Millions	1 - 3 months TZS Millions	3 - 12 months TZS Millions	1 - 5 years TZS Millions	Over 5 years TZS Millions	Non-interest bearing TZS Millions	TOTAL TZS Millions
AS AT 31 DECEMBER 2010							
ASSETS							
Cash and central banks balances	-	-	-	-	-	399,227	399,227
Government securities held to maturity	59,461	163,625	360,179	11,399	57,114	-	633,963
Placements with other banks	90,150	-	15,000	-	-	47,156	152,306
Loans and advances to customers	11,941	9,999	229,289	602,255	4,302	-	857,785
Other assets	-	-	-	-	-	5,284	5,284
TOTAL FINANCIAL ASSETS	161,552	173,624	604,468	613,654	61,416	451,667	2,048,566
LIABILITIES							
Deposits from customers	114,681	114,047	252,968	82,030	-	1,248,920	1,812,647
Other borrowed funds	14,682	-	14,760	-	-	-	29,442
Other liabilities	-	-	-	-	-	34,472	34,472
TOTAL FINANCIAL LIABILITIES	129,363	114,047	267,728	82,030	-	1,283,392	1,876,561
TOTAL INTEREST REPRICING GAP	32,189	59,577	336,740	531,624	61,416	(831,725)	172,005
AS AT 31 DECEMBER 2009							
Total financial assets	35,112	147,518	481,988	465,867	27,225	375,851	1,533,561
Total financial liabilities	225,078	352,466	429,331	452,427	-	17,792	1,477,094
Total interest repricing gap	(189,966)	(204,948)	52,657	13,440	27,225	358,059	56,467

Interest rate risk sensitivity

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

	Weighted average	NIB Funding	Net position	Impact
2010 SENSITIVITY PERIOD				
Less than 30 days	3,937	94,495	(82,158)	(822)
1 Year	249,566	495,420	(245,853)	(2,459)
2009 SENSITIVITY PERIOD				
Less than 30 days	920	22,083	(21,162)	(212)
1 Year	221,829	359,494	(137,665)	(1,377)

NOTES (CONTINUED)

3.3 LIQUIDITY RISK

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

3.3.1 Liquidity risk management process

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

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

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets (Notes 3.3.3).

3.3.2 Funding approach

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

NOTES (CONTINUED)

3.3.3 Non-derivative cash flows

The table below presents the cash flows payable by the Bank under non-derivative financial liabilities by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table do not include the future interest payable and receivable because management believes it more prudent to monitor liquidity risk without taking interest into account. (Amounts are in TZS millions):

	Up to 1 month	1-3 months	3-12 months	Over 1 year	Total
AS AT 31 DECEMBER 2010					
LIABILITIES					
Deposits from customers	277,315	435,698	525,212	574,422	1,812,647
Deposits from banks	14,682	-	14,760	-	29,442
Other liabilities	34,472	-	-	-	34,472
TOTAL LIABILITIES	326,469	435,698	539,972	574,422	1,876,561
TOTAL ASSETS	638,067	173,624	604,468	632,407	2,048,566
FUNDING GAP	311,598	(262,073)	(64,496)	57,985	172,005
AS AT 31 DECEMBER 2009					
LIABILITIES					
Deposits from customers	225,154	352,466	429,331	452,427	1,459,398
Other liabilities	17,696	-	-	-	1,665,403
TOTAL LIABILITIES	242,851	352,466	429,331	452,427	1,477,094
TOTAL ASSETS	542,805	147,518	481,988	465,867	1,665,403
FUNDING GAP	299,954	(204,948)	52,657	13,440	161,103

3.3.4 Assets held for managing liquidity risk

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

- Cash and balances with the Bank of Tanzania;
- Items in the course of collection and treasury and other eligible bills;
- Placements with other banks; and
- Loans and advances to customers.

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

(a) Loan commitments

The dates of the contractual amounts of the Bank's off-balance sheet financial instruments that commit it to extend credit to customers and other facilities (Note 28), are summarised in the table below.

NOTES (CONTINUED)

3.4 OFF-BALANCE SHEET ITEMS

(b) Financial guarantees and other financial facilities

Financial guarantees (Note 28) are also included below based on the earliest contractual maturity date.

	No later than 1 year TZS Millions	1-5 years TZS Millions	Over 5 years TZS Millions	Total TZS Millions
AS AT 31 DECEMBER 2010				
Outstanding letters of credit, guarantees and indemnities	707	-	-	707
Commitments to extend credit	72,168	-	-	72,168
TOTAL	72,875			72,875
AS AT 31 DECEMBER 2009				
Outstanding letters of credit, guarantees and indemnities	3,532	-	-	3,532
Commitments to extend credit	53,631	-	-	53,631
TOTAL ASSETS	57,163	-	-	57,163

3.5 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Financial instruments not measured at fair value

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

	CARRYING VALUES		FAIR VALUE	
	2010	2009	2010	2009
FINANCIAL ASSETS				
Cash and balances with Bank of Tanzania	399,227	333,380	399,227	333,380
Government securities held-to-maturity	633,964	523,084	606,276	510,007
Placements with other banks	152,306	96,160	152,306	96,160
Loans and advances to customers	857,785	672,580	772,007	605,322
FINANCIAL LIABILITIES				
Deposits from customers	1,812,647	1,459,398	1,796,330	1,430,210
Deposits from banks	29,442	-	29,442	-

3.6 CAPITAL MANAGEMENT

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

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

Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management, employing techniques based

NOTES (CONTINUED)

on the guidelines developed by the Basel Committee, as implemented by the Bank of Tanzania (BoT), for supervisory purposes. The required information is filed with the BoT on a quarterly basis.

The BoT requires each bank or banking group to: (a) hold the minimum level of the regulatory capital of TZS 5 billion, and (b) maintain a ratio of total regulatory capital to the risk-weighted asset (the 'Basel ratio') at or above the internationally agreed minimum of 12%.

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

- Tier 1 capital: share capital, retained earnings and reserves created by appropriations of retained earnings. Prepaid expenses and deferred charges are deducted in arriving at Tier 1 capital; and
- Tier 2 capital: qualifying subordinated loan capital and unrealised gains arising on the fair valuation of equity instruments held as available for sale.

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature 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 summarises the composition of regulatory capital and the ratios of the Bank for the year ended 31 December 2010 and year ended 31 December 2009. During those two periods, the Bank complied with all of the externally imposed capital requirements to which they are subject.

	2010 (TZS Millions)	2010 (TZS Millions)
TIER 1 CAPITAL		
Share capital	20,000	20,000
Retained earnings	210,520	170,034
Prepaid expenses and deferred charges	(4,882)	(2,230)
TOTAL QUALIFYING TIER 1 CAPITAL	225,638	187,804
TIER 2 CAPITAL		
Regulatory reserve	-	2,205
TOTAL QUALIFYING TIER 2 CAPITAL	-	2,205
TOTAL REGULATORY CAPITAL	225,638	190,009
RISK-WEIGHTED ASSETS		
On-balance sheet	887,543	734,831
Off-balance sheet	72,875	57,355
TOTAL RISK-WEIGHTED ASSETS	960,418	792,186
	Bank's Ratio 2010	Required ratio 2010
Tier 1 capital	23%	10%
Tier 1 + Tier 2 capital	23%	12%

NOTES (CONTINUED)

The increase of the regulatory capital in the period of 2010 is mainly due to the contribution of the current-year profit. The increase of the risk-weighted assets reflects the expansion of the business in 2010.

4 Critical Accounting Estimates And Judgements

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

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

A IMPAIRMENT LOSSES ON LOANS AND ADVANCES

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

B HELD TO MATURITY INVESTMENTS

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

C PREMISES AND EQUIPMENT

Critical estimates are made by the Directors in determining depreciation rates for premises and equipments and their residual values. The rates are set out in note 2(o) above.

5 INTEREST AND SIMILAR INCOME

	2010 (TZS'Millions)	2009 (TZS'Millions)
Loans and advances to customers	104,691	93,531
Government securities	34,943	42,303
Placements with other banks	1,808	5,525
	141,442	141,359

NOTES (CONTINUED)

6 INTEREST AND SIMILAR EXPENSES

	2010 (TZS'Millions)	2009 (TZS'Millions)
Saving deposits	10,412	13,447
Current accounts	8	-
Time deposits	529	392
Deposits from banks	83	2
	11,032	13,841

7 FEES AND COMMISSION INCOME

	2010 (TZS'Millions)	2009 (TZS'Millions)
Commissions	30,024	25,725
Fees	24,173	7,056
Bills negotiated	197	303
Drafts and transfers	229	382
	54,623	33,466

8 FOREIGN EXCHANGE INCOME

	2010 (TZS'Millions)	2009 (TZS'Millions)
Foreign currency trading	12,292	3,453
Others	-	4
	12,292	3,457

9 OTHER OPERATING INCOME

	2010 (TZS'Millions)	2009 (TZS'Millions)
Miscellaneous income	4,211	4,659
Rent received	26	28
Share offering	-	155
Profit on sale of property and equipment	20	7
	4,257	4,849

NOTES (CONTINUED)

10 OPERATING EXPENSES

	2010 (TZS'Millions)	2009 (TZS'Millions)
Employees benefit expense (Note 11)	46,460	35,072
Administrative expenses	44,430	36,533
Depreciation and amortisation	8,361	8,324
Management contract expenses	2,681	2,971
Travelling expenses	3,397	3,753
Repairs and maintenance	9,095	5,129
Auditors' remuneration	320	261
Directors' remuneration:		
Fees	155	88
Others	164	167
Impairment charge for other receivables	4,817	572
	119,880	92,870

11 EMPLOYEES BENEFIT EXPENSE

	2010 (TZS'Millions)	2009 (TZS'Millions)
Salaries and allowances	34,120	26,476
Other emoluments	12,340	8,596
	46,460	35,072

12 INCOME TAX EXPENSE

Tax expense for the year is arrived at as follows:

	2010 (TZS'Millions)	2009 (TZS'Millions)
Current income tax – current year	25,448	19,867
Current income tax – prior years	2,696	(45)
Deferred income tax – current year	(1,743)	636
Deferred income tax – prior years	(1,938)	30
	24,464	20,488

NOTES (CONTINUED)

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

	2010 (TZS'Millions)	2009 (TZS'Millions)
Profit before income tax	78,445	68,038
Tax calculated at the statutory income tax rate of 30%	23,534	20,411
TAX EFFECT OF:		
Expenses not deductible for tax purposes	284	92
Income not subject to tax	(112)	-
Prior year deferred tax and corporate tax adjustment	758	(15)
Income tax expense	24,464	20,488

13 EARNINGS PER SHARE

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

	2010 (TZS'Millions)	2009 (TZS'Millions)
Net profit attributable to shareholders	53,981	47,550
Weighted average number of shares in issue (Note 29)	500	500
Basic and diluted earnings per share	107.96	95.10

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

14 DIVIDEND PER SHARE

Dividends are not recognised as a liability until they have been ratified at the Annual General Meeting. The Directors propose payment of a dividend of TZS 36.00 per share, amounting to TZS 18,000 million out of 2010 profit. In 2009, dividend of TZS 31.40 per share, amounting to TZS 15,700 million was approved and paid.

15 CASH AND BALANCES WITH BANK OF TANZANIA

	2010 (TZS'Millions)	2009 (TZS'Millions)
Cash in hand	164,153	115,857
BALANCES WITH BANK OF TANZANIA		
Local currency	44,995	51,434
Foreign currency	3,037	1,139
Statutory Minimum Reserves (SMR)	187,042	164,950
	399,227	333,380

The SMR deposit is not available to finance the Bank's day-to-day operations and is hence excluded from cash and cash equivalents for the purpose of the cash flow statement (See Note 26). Balances with Bank of Tanzania are non-interest bearing.

NOTES (CONTINUED)

16 GOVERNMENT SECURITIES HELD-TO-MATURITY

	2010 (TZS'Millions)	2009 (TZS'Millions)
TREASURY BILLS AND BONDS:		
Maturing within 91 days	223,087	159,540
Maturing after 91 days	368,214	320,881
	591,301	480,421
Recapitalisation bond	26,975	26,975
Loans and Advances Realisation Trust (LART) bond	15,688	15,688
	633,964	523,084

The LART Bond attracts an interest rate of 11%. This is received on a quarterly basis. Interest on recapitalisation bond is received semi-annually at a variable rate of 12.6% maximum and a minimum of 7% computed as a weighted average of interest rate on Treasury Bills over the last six months. Treasury bills and bonds are debt securities issued by the Government of the United Republic of Tanzania at an effective rate of 9.69%.

17 PLACEMENTS WITH OTHER BANKS

	2010 (TZS'Millions)	2009 (TZS'Millions)
Placement with local banks	119,106	45,640
Balances with banks abroad	26,055	35,932
Cheques and items for clearing from other banks	7,145	14,588
	152,306	96,160
Current	152,306	96,160
Non current	-	-
	152,306	96,160

18 LOANS AND ADVANCES TO CUSTOMERS

	2010 (TZS'Millions)	2009 (TZS'Millions)
Loans to customers	844,180	664,297
Staff loans	30,570	24,881
Gross loans and advances	874,750	689,178
Less: allowance for impairment	(16,965)	(16,598)
	857,785	672,580
Current	251,229	223,546
Non current	623,521	482,230
	874,750	689,178

NOTES (CONTINUED)

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

	Individual (retail) customers			Corporate entities	
	MSEs	Consumer	SMEs	Corporate	Total
Balance at 1 January 2010	2,615	8,504	2,260	3,219	16,598
Increase/(decrease) in provision for loan impairment	3,720	(923)	(436)	(687)	1,674
Write-offs	(915)	-	(392)	-	(1,307)
AT 31 DECEMBER 2010	5,420	7,581	1,432	2,532	16,965
Balance at 1 January 2009	1,350	5,678	585	1,943	9,556
Increase/(decrease) in provision for loan impairment	1,265	2,809	1,675	1,276	7,025
Adjustments	-	17	-	-	17
AT 31 DECEMBER 2009	2,615	8,504	2,260	3,219	16,598

19 OTHER ASSETS

	2010 (TZS'Millions)	2009 (TZS'Millions)
Service fees receivable	2,014	3,322
Prepayments	4,882	2,362
Other receivables	2,930	3,944
Less: impairment provision for other receivables	(4,542)	(1,271)
	5,284	8,357

The movements in provision for impairment of other receivables is as follows; (Amounts are in TZS Millions).

	2010 (TZS'Millions)	2009 (TZS'Millions)
Balance at 1 January 2010	(1,271)	(2,798)
Increase in provision for impairment	(3,020)	-
Write-offs/recoveries	251	1,527
	(4,542)	(1,271)

NOTES (CONTINUED)

20 PROPERTY AND EQUIPMENT

	Buildings TZS Millions	Motor vehicles TZS Millions	Fixtures fittings & equipment TZS Millions	Capital Work in Progress TZS Millions	Total TZS Millions
YEAR ENDED 31 DECEMBER 2010					
Opening net book value	11,996	666	9,230	9,563	31,855
Additions	9,092	685	6,215	8,672	24,664
Adjustments	(402)	-	915	(787)	(274)
Disposals	-	-	(9)	-	(9)
Depreciation charge	(1,973)	(348)	(5,311)	-	(7,632)
CLOSING NET BOOK VALUE	18,715	1,003	11,039	17,847	48,604
AT 31 DECEMBER 2010					
Cost	26,633	3,678	36,742	17,847	84,900
Accumulated depreciation	(7,918)	(2,675)	(25,703)	-	(36,296)
NET BOOK VALUE	18,715	1,003	11,039	17,847	48,604
YEAR ENDED 31 DECEMBER 2009					
Opening net book value	10,060	653	10,378	3,034	24,125
Additions	3,434	364	4,659	12,165	20,622
Adjustments	-	38	(38)	(5,236)	(5,236)
Disposals	-	(7)	-	-	(7)
Depreciation charge	(1,498)	(382)	(5,769)	-	(7,649)
CLOSING NET BOOK VALUE	11,996	666	9,230	9,963	31,855
AT 31 DECEMBER 2009					
Cost	17,943	3,033	30,125	9,563	60,665
Accumulated depreciation	(5,946)	(2,367)	(20,895)	-	(29,209)
NET BOOK VALUE	11,996	666	9,230	9,563	31,855

No property and equipment has been pledged as security for liabilities (2009: None).

NOTES (CONTINUED)

21 INTANGIBLE ASSETS

MOVEMENT DURING THE YEAR	Computer software 2010 (TZS'Millions)	Computer software 2009 (TZS'Millions)
At start of year	1,279	924
Additions	812	1,024
Adjustments	(385)	-
Amortisation	(729)	(669)
AT END OF YEAR	977	1,279
AT 31 DECEMBER 2010		
Cost	5,703	5,288
Accumulated amortisation	(4,726)	(4,009)
NET BOOK AMOUNT	977	1,279

22 DEPOSITS FROM CUSTOMERS

	2010 (TZS'Millions)	2009 (TZS'Millions)
Current accounts	925,695	955,617
Personal accounts	851,955	488,552
Time deposit accounts	18,866	8,549
Special deposits	16,131	6,680
	1,812,647	1,459,398
Current	1,777,650	1,444,169
Non current	34,997	15,229
	1,812,647	1,459,398

23 OTHER LIABILITIES

	2010 (TZS'Millions)	2009 (TZS'Millions)
Accrued expenses	9,714	5,481
Refundable deposits	7,696	-
Bills payable	2,621	2,240
Sundry liabilities	14,441	9,975
	34,472	17,696

NOTES (CONTINUED)

24 DEFERRED INCOME TAX

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

	2010 (TZS'Millions)	2009 (TZS'Millions)
At start of year	(766)	(1,432)
Profit and loss account current year (Note 12)	(1,743)	636
Profit and loss account prior year (Note 12)	(1,938)	30
AT THE END OF YEAR	(4,446)	(766)

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

DEFERRED INCOME TAX ASSET	1 January 2009 (TZS Mil)	Prior period profit and loss (TZS Mil)	Credited to profit and loss (TZS Mil)	31 December 2010 (TZS Mil)
Property and equipment	(2,754)	(3)	(412)	(3,170)
Provisions	1,988	(1,934)	(1,330)	(1,276)
	(766)	(1,938)	(1,742)	(4,446)

25 SHARE CAPITAL

	2010 (TZS'Millions)	2009 (TZS'Millions)
AUTHORISED		
625,000,000 ordinary shares of TZS 40 each	25,000	25,000
	25,000	25,000
CALLED UP AND FULLY PAID		
500,000,000 ordinary shares of TZS40 each	20,000	20,000
	20,000	20,000

26 CASH AND CASH EQUIVALENTS

	2010 (TZS'Millions)	2009 (TZS'Millions)
Cash and balances with Bank of Tanzania (Note 15)	399,227	333,380
Less: Statutory Minimum Reserves (Note 15)	(187,042)	(164,950)
Government securities (Note 16)	223,087	159,540
Placement with other banks (Note 17)	152,306	96,160
	587,578	424,130

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 91 days maturity from the date of acquisition including: cash and balances with Bank of Tanzania, Government securities, and Placement with other banks. Cash and cash equivalents exclude the cash reserve requirement held with the Bank of Tanzania.

NOTES (CONTINUED)

27 FINANCIAL INSTRUMENTS BY CATEGORY

	Loans and advances TZS Millions	Held to maturity TZS Millions	Total TZS Millions
31 DECEMBER 2010			
FINANCIAL ASSETS			
Cash and balances with Bank of Tanzania	399,227	-	399,227
Government securities held-to-maturity	-	633,964	633,964
Placements with other banks	152,306	-	152,306
Loans and advances to customers	857,785	-	857,785
	1,409,318	633,964	2,043,282
FINANCIAL LIABILITIES	Financial liabilities at fair value through profit or loss	Other liabilities at armotised cost	Total
Deposits from customers	-	1,812,647	1,812,647
Deposits from banks	-	29,442	29,442
	-	1,842,089	1,842,089
31 DECEMBER 2009			
FINANCIAL ASSETS			
Cash and balances with Bank of Tanzania	333,380	-	333,380
Government securities held-to-maturity	-	523,084	523,084
Placements with other banks	96,160	-	96,160
Loans and advances to customers	672,580	-	672,580
	1,102,120	523,084	1,625,204
FINANCIAL LIABILITIES	Financial liabilities at fair value through profit or loss	Other liabilities at armotised cost	Total
Deposits from customers	-	1,459,398	1,459,398
Deposits from banks	-	-	-
	-	1,459,398	1,459,398

NOTES (CONTINUED)

28 CONTINGENT LIABILITIES AND COMMITMENTS

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

As at 31 December 2010, 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:

	2010 (TZS'Millions)	2009 (TZS'Millions)
CONTINGENT LIABILITIES		
Guarantees and Indemnities	154	3,175
Overdraft	72,168	53,631
Acceptances and letters of credit	553	357
	72,875	57,163

For the aforementioned contingent liabilities, no reimbursement is expected.

Nature of contingent liabilities

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

Legal claims

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

Capital commitment

As at 31 December 2010, the Bank had capital commitments of TZS 29.7 billion (2009: 34.6 billion) in respect of new branches, branch remodelling, equipment and information technology. The expenditure contracted as at the balance sheet date but not yet incurred is as follows:

	2010 (TZS'Millions)	2009 (TZS'Millions)
Information technology	8,770	16,433
New branches	4,300	4,500
Branch and business centres remodelling	8,605	5,500
Other including equipment, vehicles and furniture	7,992	8,173
	29,667	34,606

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

NOTES (CONTINUED)

Operating lease commitments

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

	2010 (TZS'Millions)	2009 (TZS'Millions)
Not later than 1 year	451	15
Later than 1 year and no later than 5 years	2,496	2,367
Later than 5 years	1,316	1,410
TOTAL	4,263	3,792

29 EFFECTIVE INTEREST RATES OF FINANCIAL ASSETS AND LIABILITIES

The effective interest rates for the principal financial assets and liabilities at 31 December 2010 and 2009 were as follows:

	2010	2009
Government securities	6.03%	9.69%
Deposits with banking institutions	1.43%	4.28%
Loans and advances to customers	14.60%	15.40%
Customer deposits	0.51%	0.89%
Deposits from banks	1.68%	-

30 BANK SHAREHOLDING

The shareholding of the Bank is as shown below:

NAME OF THE SHAREHOLDER	31 December 2010 No. of Shares	% age Shareholding
Rabobank	174,500,000	34.90%
Treasury Registrar	158,901,800	31.8%
Public	101,941,339	20.4%
National Investment Company (NICO)	33,000,000	6.6%
Exim Bank (Tanzania) Limited	22,975,904	4.6%
TCCIA Investment Company Limited	8,680,957	1.7%
	500,000,000	100%

NOTES (CONTINUED)

31 ADVANCE TOWARDS EQUITY INVESTMENTS

During the year the Bank made advances towards equity investments in three companies as shown below. All the companies are at development stage.

COMPANY NAME	(2010) TZS'Millions	% age Shareholding
Investment - Upanga Joint Venture Company Limited	1,351	32
Investment - Ohio Street Properties Limited	880	50
Tanzania Mortgage Refinance Company	600	21
	2,831	

32 RELATED PARTY TRANSACTIONS

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

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

(a) Loans and advances to related parties

At 31 December 2010 there were no loans issued to companies controlled by Directors or their families. Advances to customers at 31 December 2010 include loans to key management personnel as follows:

DEPOSITS	2010 TZS'Millions	2009 TZS'Millions
At start of year	176	130
Advanced during the year	178	167
Repaid during the year	(103)	(121)
At end of year	251	176

No provisions have been recognised in respect of loans given to related parties (2009: Nil).The loans issued to key management during the year were unsecured. These loans carry off- market interest rates ranging between 5% and 9% and are repayable on demand.

NOTES (CONTINUED)

(b) Deposits from related parties

DEPOSITS	DIRECTORS AND KEY MANAGEMENT PERSONNEL		RELATED COMPANIES	
	2010 TZS'Millions	2009 TZS'Millions	2010 TZS'Millions	2009 TZS'Millions
Deposits at the beginning of the year	16	3	18	17
Deposits received during the year	196	150	694	523
Deposits repaid during the year	(200)	(137)	(683)	(522)
Deposits as at the end of the year	12	16	29	18
Interest expense	-	-	-	-

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

(c) Key management compensation

	2010 TZS'Millions	2009 TZS'Millions
Salaries and other short-term benefits	2,955	2,855

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, including any director of the Bank.

(d) Transactions and balances with Rabobank

Based on the management service contract approved by the Board, a total of TZS 2,681 million (2009: TZS 2,971 million) was paid to Rabobank during the year as management and technical assistance expenses.

Nostro balances with Rabobank at year end amounted to TZS 4,586 million (2009: TZS 870 million).

(e) Directors' remuneration

Fees and other emoluments paid to Directors of the Bank during the period amounted to TZS 319 million (2009: TZS 255 million). Details of payment to individual directors will be tabled at the annual general meeting.

14

NOTICE OF THE 11TH ANNUAL GENERAL MEETING OF THE MEMBERS OF NATIONAL MICROFINANCE [NMB] BANK PLC

TAARIFA YA MKUTANO MKUU WA 11 WA WANAHISA WA BENKI YA NATIONAL MICROFINANCE BANK [NMB] PLC

Notice is hereby given that the 11th Annual General Meeting of NMB shareholders will be held at Mlimani City Hall in Dar es Salaam on Saturday, May 28th, 2011 at 10.00 a.m. The agenda will be as follows:

- 1 Notice and Quorum
- 2 Adoption of the Agenda
- 3 Confirmation of the minutes of the 10th Annual General Meeting held on 29th May 2010
- 4 Matters arising from the previous minutes
- 5 To Receive, Consider and Adopt the Directors' Report and audited financial statements for year ended 31st December 2010
- 6 Dividend Declaration for the financial year 2010
- 7 To receive and approve the proposal for Directors' remuneration
- 8 Resignation and appointment of Directors
- 9 To Receive and Approve the appointment of External Auditors for the financial year 2011
- 10 Any Other Business

Important Notes

1. Members wishing to attend the meeting must come with either of the following: a copy of his/her depository receipt, passport, voters card, share certificate or bank card.

Taarifa inatolewa kwamba mkutano mkuu wa 11 wa mwaka wa wanahisa wa NMB utafanyika katika ukumbi wa Mlimani City Dar es Salaam saa 4 asubuhi siku ya jumamosi, Mei 28, 2011. Agenda itakuwa kama ifuatavyo:

- 1 Matangazo na Akidi
- 2 Kupitisha ajenda za mkutano
- 3 Kuthibitisha kumbukumbu za Mkutano Mkuu wa 10 uliofanyika tarehe 29 Mei 2010
- 4 Yatokanayo na Mkutano wa 10 wa Wanahisa
- 5 Kupokea, kujadili na kupitisha ripoti ya Wakurugenzi na Taarifa za Fedha kwa mwaka ulioishia 31 Desemba 2010
- 6 Kuidhinisha gawio kwa mwaka unaoishia 31 Desemba 2010
- 7 Kupokea na kuidhinisha malipo ya Wakurugenzi
- 8 Kuteua Wakurugenzi
- 9 Kupokea na kuthibitisha uteuzi wa Wakaguzi wa hesabu kwa mwaka unaomalizika 31 Desemba 2011
- 10 Mengineyo

Maelezo Muhimu

1. Mwanachama anayetarajia kuhudhuria mkutano lazima aje na nakala yake ya risiti ya uwekezaji wa hisa (Depository receipt) au cheti chake cha hisa (share certificate) au kitambulisho chake au kadi yake ya benki.

2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his/her behalf in accordance with the provisions of the Articles of the Company. The proxy form must be deposited at the registered office of the company not later than 10.00 am on Wednesday 25th May 2011.

3. Members wishing to attend the meeting will have to attend at their own cost. Copies of the annual report and proxy forms will be available in NMB branches.

4. The Directors propose payment of a dividend of TZS 36 per share, amounting to TZS 18 billion out of 2010 profit. In 2009, a dividend of TZS 31.40 per share, amounting to TZS 15.7 billion was approved and paid.

Important Dates

Date of announcement of results: 12th April 2011

Shares trading cum div: 12th April 2011

Last day of trading cum-dividend: 4th May 2011

Shares start trading ex-div: 5th May 2011

Register Closing Date (Books Closure Date): 1th May 2011

Payment of dividend: On or about 6th June 2011

By order of the Board.

Lilian R. Komwihangiro, (Mrs)
Company Secretary,

April 12th, 2011.

2. Mjumbe anayeruhusiwa kuhudhuria na kupiga kura kwenye mkutano anaruhusiwa kuchagua mwakilishi kuhudhuria na kupiga kura kwa niaba yake kwa kufuata /kuzingatia taratibu na Sheria za Kampuni. Fomu ya uwakilishi lazima iwasilishwe kwenye ofisi iliyosajiliwa ya Kampuni kabla ya saa 4 asubuhi Jumatano ya tarehe 25 Mei 2011.

3. Mwanachama anayetarajia kuhudhuria kikao atatakiwa kuhudhuria kwa gharama zake mwenyewe. Nakala za taarifa ya mwaka na fomu za mwakilishi zitapatikana matawini.

4. Wakurugenzi wamependekezwa ulipwaji wa gawio la shilingi 36 kwa kila hisa, inayoleta jumla ya shilingi 18 bilioni kutokana na faida ya mwaka 2010. Mwaka 2009, gawio lilikuwa ni shilingi 31.4 kwa kila hisa, lililoleta jumla ya shilingi 15.7 bilioni zilizopitishwa na kulipwa.

Tarehe za kuzingatia

Tarehe ya tangazo: 12 Aprili 2011

Mwisho wa hisa kuuzwa pamoja na gawio: 4 Mei 2011

Hisa kuanza kuuzwa bila gawio: 5 Mei 2011

Daftari la wanahisa kufungwa: 11 Mei 2011

Malipo ya gawio kwa wanahisa: Kuanzia tarehe 6 Juni 2011

Kwa amri ya Bodi ya Wakurugenzi.

Lilian R. Komwihangiro
Katibu wa Kampuni

12 Aprili 2011.

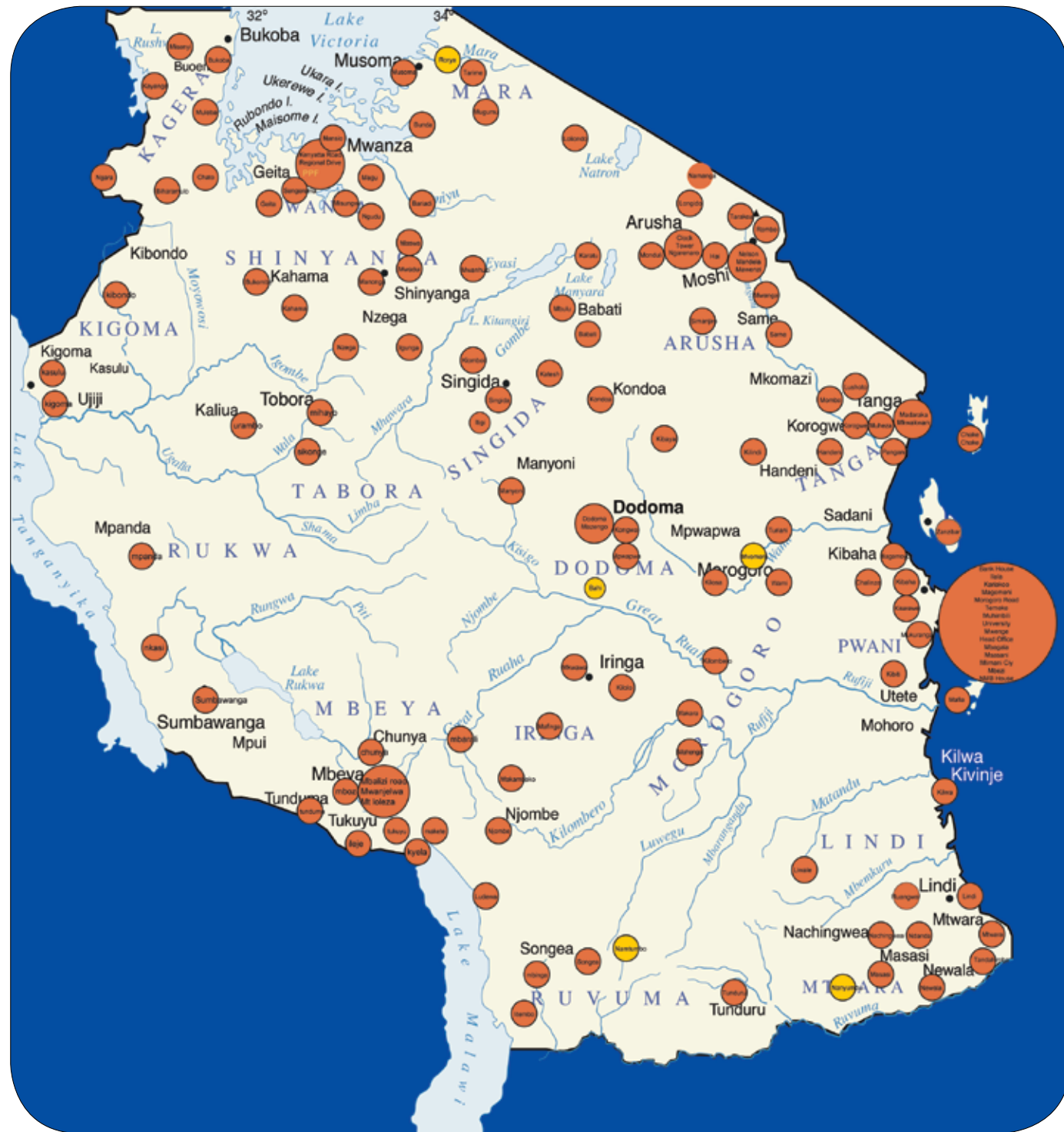
15 KEY CONTACT DETAILS

Website: www.nmbtz.com
Call Centre: 022 2161500
Short Code No. 15566 for Airtel; Short Code No.15166 for Voda , Tigo, Zantel
Swift Code: NMIBTZTZ

ZONE KANDA		ZONE KANDA	
DSM Zonal Office P.O. Box 4887, Dar es Salaam 0 22 2128687 or 022 2128685 Samora Avenue, DSM		Kanda ya Dar es Salaam S..L.P.4887, Dar es Salaam 0 22 2128687 or 022 2128685 Barabara ya Samora	
Bank House	P.O. Box 9031, Dar es Salaam	Turiani	P.O. Box 167, Turiani
Ilala	P.O. Box 25431, Dar es Salaam	Mvomero	P.O. Box 478, Morogoro
Kariakoo	P.O. Box 15195, Dar es Salaam	Wami	P.O. Box 84, Morogoro
Magomeni	P.O. Box 10930, Dar es Salaam	Mt. Uluguru	P.O Box 81, Morogoro
Morogoro Road	P.O. Box 9064, Dar es Salaam	Bagamoyo	P.O. Box 76, Bagamoyo
Muhimbili	P.O. Box 65589, Dar es Salaam	Chalinze	P.O. Box 34, Chalinze
Mwenge	P.O. Box 31597, Dar es Salaam	Kibaha	P.O. Box 30430, Kibaha
Temeke	P.O. Box 45075, Dar es Salaam	Kibiti	P.O. Box 5, Kibiti
University	P.O. Box 35199, Dar es Salaam	Kisarawe	P.O. Box 28053, Kisarawe
Mbagala	P.O. Box 45067, Dar es Salaam	Mafia	P.O. Box 23, Mafia
Msasani	P.O. Box 33841, Dar es Salaam	Mkuranga	P.O.Box 51, Mkuranga
NMB House	P.O. Box 2653, Dar es Salaam	Highland Zonal Office P.O. Box 792, Mbeya	
Mlimani City	P.O. Box 34115, Dar es Salaam	Kanda ya Nyanda za Juu S..L.P.792, Mbeya	
Airport	P.O. Box 34115, Dar es Salaam	025 2504347 or 025 2504347	
Chakechake	P.O.Box 153, Pemba	Mbali Road, Mbeya	
Zanzibar Town	P.O Box 4608 Zanzibar		
Central Zonal Office P.O. Box 888, Dodoma 026 2321835 or 026 2322260 One way Kuu Street CCM Headquarters Building		Kanda ya Kati S..L.P.888, Dodoma 026 2321835 or 026 2322260 Barabara Kuu , Jengo la CCM Makao Makuu	
Kondoa	P.O. Box 95, Kondoa	Chunya	P.O. Box 65, Chunya
Kongwa	P.O. Box 200, Kongwa	Ileje	P.O. Box 17, Ileje
Mpwapwa	P.O. Box 77, Mpwapwa	Kyela	P.O. Box 74, Kyela
Dodoma	P.O. Box 1487, Dodoma	Mbalizi Road	P.O. Box 282, Mbeya
Mazengo	P.O.Box 2591 Dodoma	Mbarali	P.O. Box 75, Rujewa
Kiomboi	P.O. Box 44, Kiomboi	Mbozi	P,O, Box 4, Mbozi
Manyoni	P.O. Box 47, Manyoni	Mount Loleza	P.O. Box 922, Mbeya
Singida	P.O. Box 1040, Singida	Mwanjelwa	P.O. Box 1768, Mbeya
Itigi	P.O. Box 116, Itigi	Tukuyu	P.O. Box 180, Tukuyu
Mbulu	P.O. Box 33, Mbulu	Tunduma	P.O. Box 140, Tunduma
Babati	P.O. Box 70, Babati	Usongwe	P.O Box 4623, Mbeya
Kibaya	P.O. Box 53, Kibaya	Ludewa	P.O. Box 10, Ludewa
Katesh	P.O. Box 82, Katesh	Mafinga	P.O. Box 90, Mafinga
Simanjiro	P.O.BOX 9527, Simanjiro	Makambako	P.O. Box 1030, Makambako
Eastern Zonal Office P.O. Box 1066, Morogoro 023 2613600 or 023 2613511 Uhuru Street, Morogoro		Makete	P.O. Box 24, Makete
Kanda ya Mashariki S..L.P.1066, Morogoro 023 2613600 or 023 2613511 Barabara ya Uhuru		Mkwawa	P.O. Box 52, Iringa
Ifakara	P.O. Box 33, Ifakara	Njombe	P.O. Box 413, Njombe
Kilombero	P.O. Box 142, Kilombero	Kilolo	P.O.Box 2332, Kilolo
Kilosa	P.O Box 3, Kilosa	Mpanda	P.O. Box 55, Mpanda
Mahenge	P.O. Box 61, Mahenge	Nkasi	P.O. Box 12, Namanyere
		Sumbawanga	P.O. Box 37, Sumbawanga
		Lake Zonal Office P.O. Box 1580, Mwanza	
		Kanda ya Ziwa S..L.P.1580, Mwanza	
		028 2501050 or 028 2500867	
		Kenyatta Rd. Mwanza	
		Geita	P.O. Box 10, Geita
		Kenyatta Road	P.O. Box 1444, Mwanza
		Magu	P.O. Box 12, Magu
		Misungwi	P.O. Box Private Bag, Misungwi
		Nansio	P.O. Box 61, Nansio
		Ngudu	P.O Box 68, Ngudu

ZONE KANDA		ZONE KANDA	
Regional Drive	P.O. Box 537, Mwanza	Mtwara	P.O. Box 508, Mtwara
Sengerema	P.O. Box 96, Sengerema	Ndanda	P.O. Box 7, Ndanda
Bunda	P.O Box 53, Bunda	Newala	P.O. Box 60, Newala
Mugumu	P.O. Box 4, Mugumu	Tandahimba	Private Bag, Tandahimba
Musoma	P.O. Box 561, Musoma	Kilwa	P.O. Box 13, Kilwa-Masoko
Tarime	P.O. Box 108, Tarime	Lindi	P.O. Box 1021, Lindi
Royra	P.O. Box 53,Shirati	Liwale	P.O. Box 82, Liwale
Biharamulo	P.O. Box 27, Biharamulo	Nachingwea	P.O. Box 102, Nachingwea
Bukoba	P.O. Box 1552, Bukoba	Ruangwa	P.O.Box 100, Ruangwa
Kayanga	P.O. Box 69, Karagwe	Litembo	Private Bag, Litembo
Muleba	P.O. Box 8, Muleba	Mbinga	P.O. Box 4, Mbinga
Ngara	P.O. Box 92, Ngara	Songea	P.O. Box 641, Songea
Chato	P.O.Box 68, Chato	Tunduru	P.O. Box 24, Tunduru
Misenyi	P.O.Box 56, Misenyi	Namtumbo	P.O.Box 66 Namtumbo
Northern Zonal Office P.O. Box 1256, Arusha 027 2548275 or 027 2508516 Junction of Uhuru Road/Fire Road		Kanda ya Kaskazini S..L.P.1256, Arusha 027 2548275 or 027 2508516 Kona ya Barabara ya Uhuru na Fire	
		Western Zonal Office P.O. Box 681 , Tabora 026 2606425 or 026 2606424 Jamhuri Street, Tabora	
		Kanda ya Magharibi S..L.P.681 Tabora 026 2606425 or 026 2606424 Barabara ya Jamhuri	
Clock Tower	P.O. Box 3093, Arusha	Igunga	P.O. Box 80, Igunga
Karatu	P.O. Box 1600, Karatu	Mihayo	P.O. Box 211, Mihayo
Ngarenaro	P.O. Box 15741 Arusha	Nzega	P.O. Box 163, Nzega
Monduli	P.O. Box 20, Monduli	Sikonge	P.O. Box 32, Sikonge
Loliondo	P.O. Box 60, Loliondo	Urambo	P.O. Box 156, Urambo
Namanga	P.O.Box 8500, Namanga	Kasulu	P.O. Box 70, Kasulu
Arusha Market	P.O.Box 11168, Arusha	Kibondo	P.O. Box 69, Kibondo
Hai	P.O. Box 129, Hai	Kigoma	P.O. Box 1067, Kigoma
Mwanga	P.O. Box 93, Mwanga	Bariadi	P.O. Box 2, Bariadi
Nelson Mandela	P.O. Box 1121, Moshi	Kahama	P.O. Box 183, Kahama
Rombo	P.O. Box 25, Mkuu-Rombo	Manonga	P.O. Box 811, Manonga
Same	P.O. Box 74, Same	Mwadui	P.O. Box 324, Mwadui
Mawenzi	P.O. Box 1825, Moshi	Maswa	P.O. Box 3, Maswa
Tarakea	P.O. Box 11 Tarakea	Mwanhuzi	P.O. Box 48, Meatu
Handeni	P.O. Box 123, Handeni	Bukombe	P.O.Box 134, Bukombe
Korogwe	P.O. Box 165, Korogwe		
Lushoto	P.O. Box 24, Lushoto		
Madaraka	P.O. Box 1396, Tanga		
Mkwakwani	P.O. Box 5056, Mkwakwani		
Mombo	P.O. Box 40, Mombo		
Muheza	P.O. Box 414, Muheza		
Pangani	P.O. Box 90, Pangani		
Kilindi	P.O.Box 46,Kilindi		
Southern Zonal Office P.O. Box 625, Mtwara 023 2333667 or 023 2334020 Uhuru Street, Mtwara		Kanda ya Kusini S..L.P.625, Mtwara 023 2333667 or 023 2334020 Barabara ya Uhuru	
Masasi	P.O. Box 105, Masasi		

DISTRIBUTION NETWORK



16 PARTNERSHIP WITH RABOBANK UBIA NA RABOBANK

Rabobank is a full-range financial services provider operating on the basis of co-operative principles. Its origins are in the local loan co-operatives that were founded in the Netherlands nearly 110 year ago by enterprising people who lacked access to financial services. The local Rabobanks that evolved from this are part of the tradition of the agricultural sector and small and medium-sized enterprises.

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

Rabobank, through Rabo Financial Institutions Development (RFID) seeks partnerships with retail banks with rural networks in emerging markets that have:

- Stable political /economic environment
- Potential to achieve leading retail banking position through selected partner banks
- Opportunities in food, agriculture and rural banking
- RFID provides
- Capital (minority interest)
- Management
- Technical assistance
- Focus on long term sustainable development of partner banks
- Business model broadly aligned to Rabobank domestic rural banking model.

Rabobank took a 35% stake in NMB at the time of privatisation and provides Management Services.

Rabobank inatoa huduma za kibenki ambazo zinafanya kazi katika misingi ya ushirika. Asili yake ni mikopo ya ushirika ambayo iligunduliwa huko Uholanzi zaidi ya miaka 110 iliyopita kwa kuwahusisha watu ambao ni wachapakazi ambao hawakuwa na uwezo wa kufikia huduma za kibenki mijini. Benki za vijijini ya Rabobank iliyotokana na chimbuko hili zina nguvu hasa katika upande wa sekta ya kilimo na tasnia ndogo na za kati.

Rabobank ni kati ya mabanki makubwa nchini Uholanzi. Benki hii imetoa ajira kwa watu zaidi ya 55,000 wanaohudumia wateja takribani milioni 10 katika nchi 48. kwa upande wa mtaji (Tier I capital) kundi la Rabobank lina kiwango cha juu kulinganisha na benki kubwa 25 duniani. Kundi la Rabobank lina kiwango cha juu cha tathmini inayotolewa na taasisi ya kupima viwango ya mabanki ya "Standard & Poor's, Moody's Investor Service 'na "DBRS". Kwa maelezo zaidi tembelea tovuti www.rabobank.com

Rabobank, kupitia "Rabo Financial Institutions Development (RFID)" inatafuta mahusiano na mabanki yanayohudumia wateja wadogo kupitia mtandao wa vijijini kuinua masoko ambayo yana;

- Siasa imara/ mazingira yenye faida
- kuonyesha uwezo wa mafanikio ya kuongoza katika kutoa huduma kwa wateja wakiingia ubia na benki nyingine
- Fursa kwenye chakula, kilimo na huduma za kibenki vijijini
- RFID ambazo zinatoa;
- Mtaji (shauku mbadala)
- Uongozi
- Msaada wa kiufundi
- Kulenga kwenye mahusiano muda mrefu kwa benki wataongia nao ubia
- Aina ya biashara hususani inayoendana na Rabobank mfumo wa benki ya vijijini

Rabobank ilichukuwa asilimia 35% za NMB wakati wa ubinafsishaji na inatoa huduma ya uongozi.

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