

Taarifa ya Mwaka
2013
Annual Report

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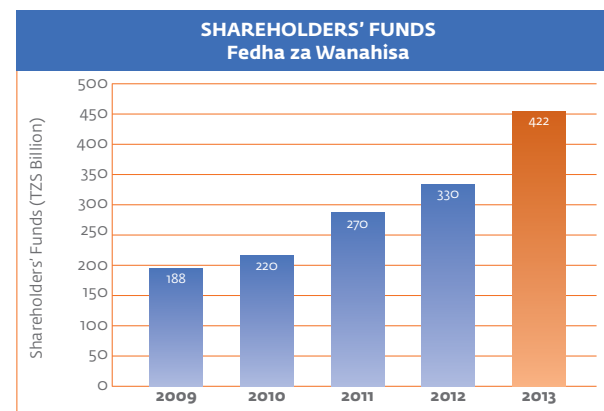
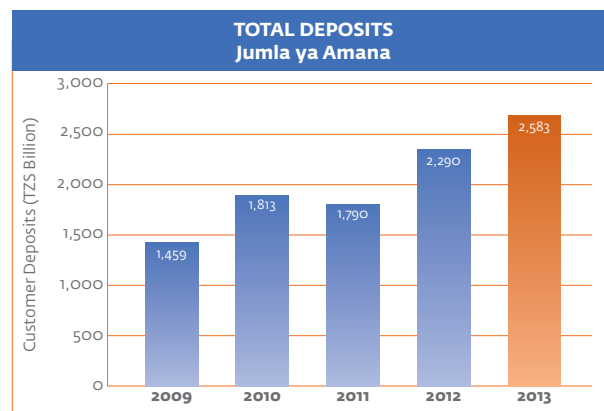
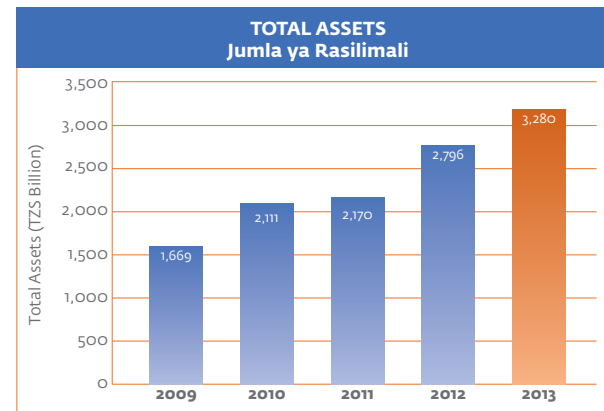
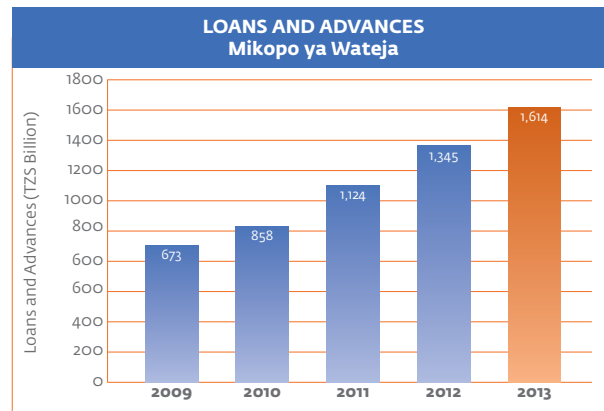
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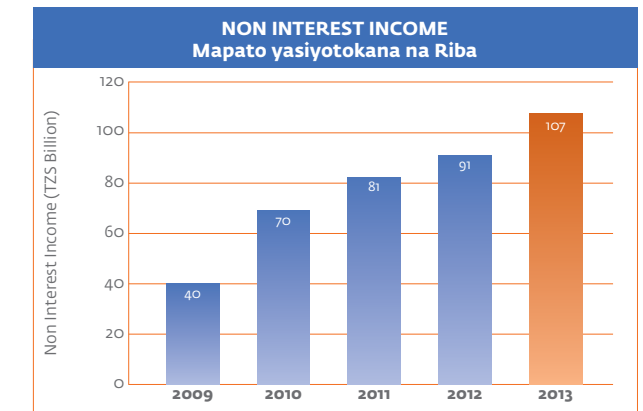
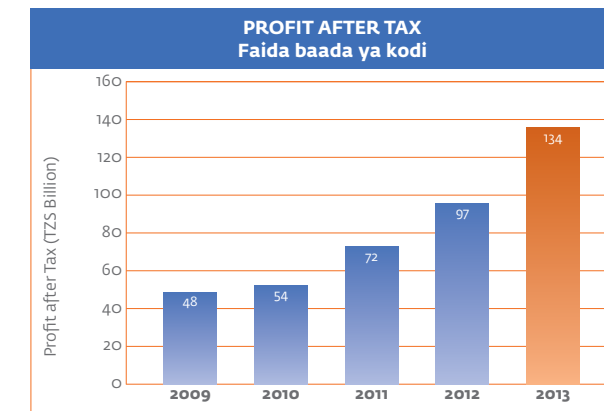
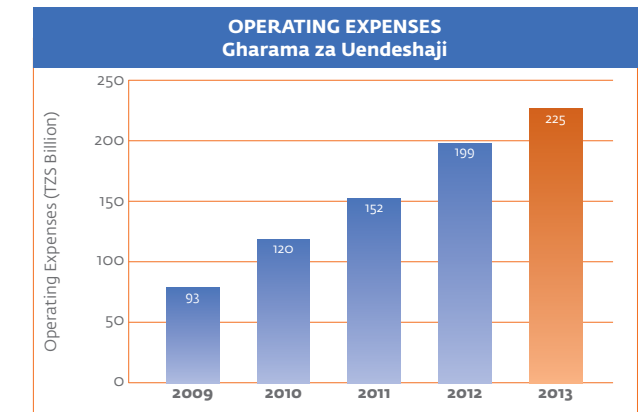
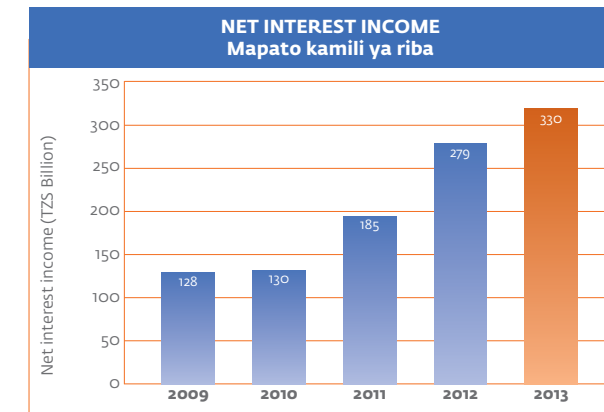
1 Financial Highlights | Vielelezo Muhimu vya Kifedha

Highlights for the Financial periods 2009 - 2013
Mambo muhimu kwa vipindi vya fedha 2009 - 2013

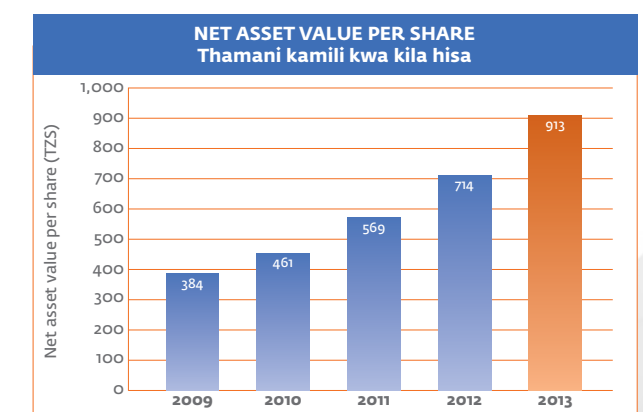
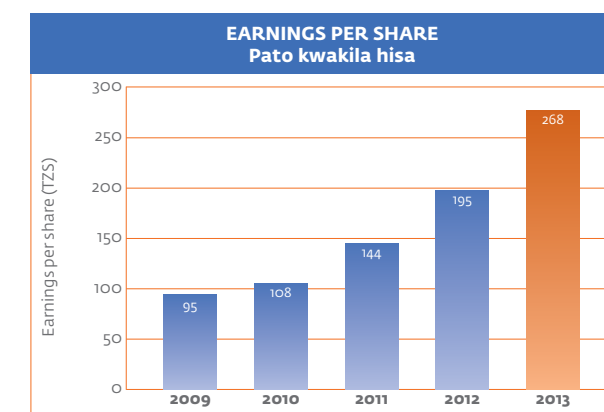
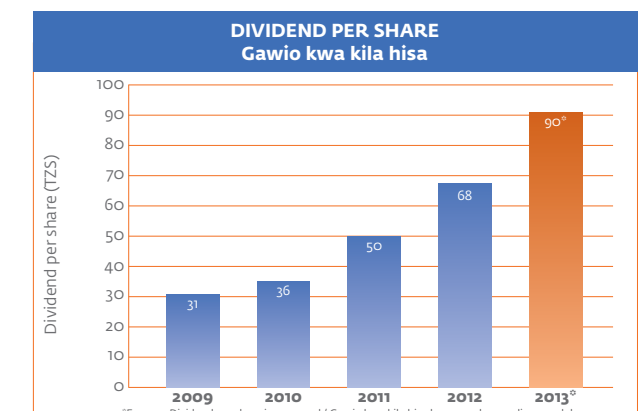
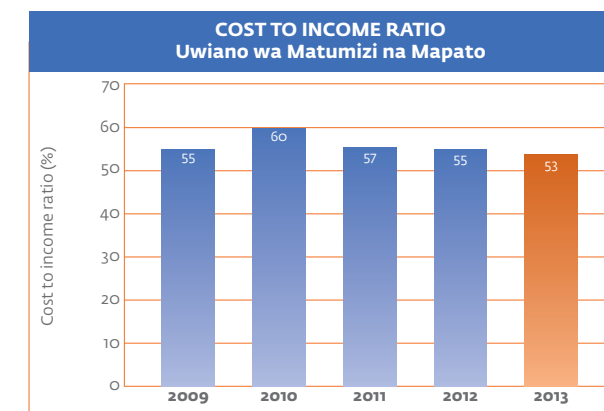
BALANCE SHEET



INCOME STATEMENT



RATIOS



KEY FIGURES FOR THE PERIOD 2009 - 2013 Takwimu muhimu vipindi vya 2009 - 2013						
		2009	2010	2011	2012	2013
Profitability						
Total Income	Tzs Million	167,933	199,999	266,594	359,138	422,171
Tax	Tzs Million	20,488	24,464	30,947	47,340	54,225
Operating expenses	Tzs Million	92,870	119,880	152,056	198,934	225,298
net profit	Tzs Million	47,550	53,981	71,839	97,401	133,906
Solvency						
Total Assets	Tzs Million	1,669,333	2,110,903	2,170,250	2,795,878	3,280,186
Tier 1 capital	Tzs Million	187,804	220,215	270,470	329,688	421,804
Risk Weighted Assets (RWA)	Tzs Million	792,186	960,418	1,273,282	1,565,509	1,944,390
Other						
Customers		1,424,015	1,583,918	1,803,203	1,782,869	2,287,958
Branches		134	139	140	147	153
ATMs		281	345	416	473	485
Staff		2,478	2,610	2,650	2,702	2,783

Selected ratios	2009	2010	2011	2012	2013
Return on average shareholders' equity	27%	26%	28%	27%	29%
Return on average assets	3%	3%	3%	3%	4%
Cost to income ratio	55%	60%	57%	55%	53%
Capital adequacy ratio *	24%	23%	22%	21%	22%
Dividend per share	31	36	50	68	90

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

* Capital adequacy ratios are calculated before dividend payments

SHARE PERFORMANCE Mwenendo Wa Hisa	FORMULAS Fomula	UNITS	2009	2010	2011	2012	2013
Basic and diluted earnings per share	PAT/Number of shares in issue	Tzs	95	108	144	195	268
Dividends per share	Total dividend/ Number of shares in issue	Tzs	31	36	50	68	90
Closing share price	as per DSE	Tzs	810	660	850	1,120	2,620
Number of shares in issue		Millions	500	500	500	500	500
Dividend cover (times)	Basic diluted earnings per share/dividends per share		3.03	3.00	2.87	2.87	2.98
Net asset value per share	Net assets /Number of shares in issue	Tzs	384	461	569	714	913
Dividend yield - ordinary dividend	Dividend per share/ closing price at DSE	%	4	5	6	6	3
Earnings yield - ordinary dividend	PAT/closing share price	%	12	16	17	17	10
Price to Book ratio	Closing share price/ Net Asset Value per share		2.11	1.43	1.49	1.57	2.87
Price: Earnings ratio - ordinary shares	Basic diluted earnings per share/closing share price		8.52	6.11	5.92	5.74	9.78
Market capitalisation	Closing share price times No. shares in issue	Tzs Millions	405,000	330,000	425,000	560,000	1,310,000
Net Assets	Audited Financials	Tzs Millions	192,239	230,520	284,359	356,954	456,666
Volume of shares transacted	DSE	Millions	20.7	6.4	23.0	8.7	11.0
Exchange weighted share price (Tzs)	DSE	Tzs	805	758	786	954	1,891

Value added statement | Taarifa ya Ongezeko la thamani

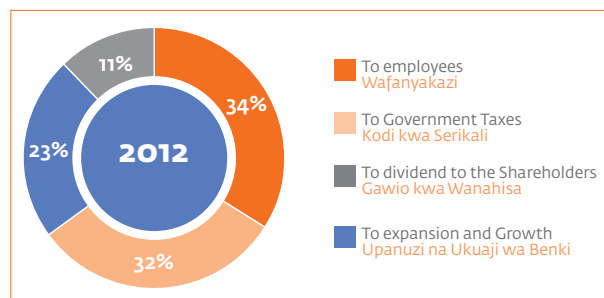
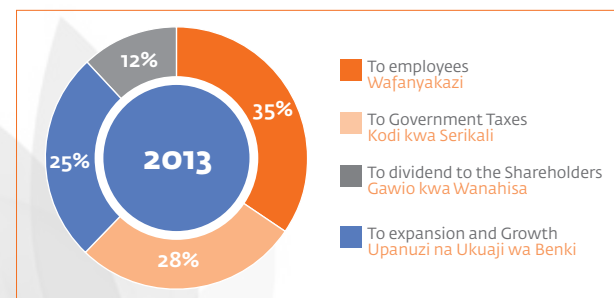
Value added statement for the year ended 31 December 2013

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

Taarifa ya ongezeko la thamani kwa mwaka ulioishia Disemba 2013

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

TZS 'MILLIONS	2013		2012	
Value added				
Ongezeko la thamani				
Income earned by providing banking services Mapato yaliyoyotokana na huduma za kibenki	448,064		368,486	
Cost of service Gharama ya huduma	(49,659)		(35,199)	
value added by banking services Ongezeko la thamani kwa huduma za kibenki	398,405		333,287	
Non operating income and operating expenses Mapato yasiyo ya gharama za uendeshaji na matumizi	(110,599)		(111,107)	
	287,806		222,180	
Value allocated				
Thamani zilizotengwa kwa ajili ya:				
To employees:				
Wafanyakazi				
• Salaries and other benefits • Mishahara na marupurupu mengine	99,675 35%		75,955 34%	
To shareholders:				
Kwa wanahisa				
• Dividend to the shareholders • Gawio kwa wanahisa	34,000 12%		25,000 11%	
• of which to government • ambayo kwa Serikali ni	10,805		7,945	
To Government:				
Kwa Serikali				
• Income Tax • Kodi ya Mapato	54,225 19%		49,623 23%	
• PAYE • Kodi ya Ajira	20,632 7%		14,203 7%	
• SDL • Ushuru wa ujuzi wa maendeleo	4,706 2%		4,557 2%	
To other stakeholders (Sponsorship/Donations):				
Kwa wadau wengine (Udhamini/Misaada)	1,049 0%		891 0%	
To expansion and growth:				
Upanuzi na Ukuaji wa benki				
Depreciation, deferred tax and retained earnings Uchakavu, kodi zinazotofautiana na mapato yaliyobakizwa	73,519 25%		51,951 23%	
	287,806 100%		222,180 100%	



Mission, Vision and Values

Azma, Dira na Maadili

Our Mission

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

Our Vision

To be the preferred financial services partner in Tanzania

NMB Values

WHAT DRIVES US

■ Eagerness

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

■ Ownership

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

WHAT BINDS US

■ Customer focus

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

■ Teamwork

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

WHAT GUIDES US

■ Integrity

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

■ Compliance

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

Azma Yetu

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

Dira Yetu

Kuwa mbia wa huduma za kifedha anayependelewa zaidi nchini Tanzania

Maadili yetu

KINACHOTUSUKUMA

■ Ari

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

■ Umiliki

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

KINACHOTUUNGANISHA

■ Tunamlenga Mteja

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

■ Ushirikiano Wetu

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

MIONGOZO

■ Uadilifu

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

■ Utimilifu

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



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

National Microfinance Bank PLC (NMB) ni miongoni mwa Benki kubwa za biashara hapa Tanzania, inayotoa huduma kwa wateja binafsi, wafanyabiashara wadogo, wa kati na wakubwa, serikalini na mikopo ya kilimo.

History

1997

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

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

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

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

1997

Historia

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.

2008

2005

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

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

2005

2008

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

Our Customers

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

Ownership

The total number of shareholders during the year 2013 is 29,119.

Our People

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

Wateja wetu

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

Wafanyakazi

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

Umiliki

Jumla ya wanahisa kwa mwaka 2013 inakadiriwa kufikia 29,119.

List of shareholders who individually own 0.5% or more shares as at 31 December 2013

Orodha ya Wanahisa wanaomiliki asilimia 0.5 au zaidi 31 Disemba, 2013

NAME OF SHAREHOLDER	NUMBER OF SHARES HELD	PERCENTAGE OF SHARES HELD
Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A		
"Rabobank Nederland" (Rabobank)	174,500,000	34.9%
Treasury Registrar (Government of Tanzania)	158,901,800	31.8%
National Investment Company Limited (NICOL)	33,000,000	6.6%
Exim Bank (Tanzania) Limited	22,975,904	4.6%
Aunali F.Rajabali	11,588,882	2.3%
Sajjad F.Rajabali	11,435,526	2.3%
Standard Chartered Bank (T) Nominee Limited	10,150,249	2.0%
Standard Bank Plc	6,666,872	1.3%
Parastatal Pension Fund (PPF)	4,831,636	1.0%
National Social Security Fund (NSSF)	3,592,561	0.7%
TCCIA Investment Company Limited	2,611,886	0.5%

Founder Members

■ Rabobank Group

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

Rabobank is one of the leading banks in the Netherlands. Rabobank Group employs more than 58,000 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 very high credit ratings, awarded by rating agencies Standard & Poor's, Moody's Investor Service and DBRS. For more information, please visit www.rabobank.com

Other founder members of the Rabobank Consortium are Exim Bank (Tanzania) Limited, National Investment Company Limited (NICOL) and TCCIA Investment Company Limited holding 11.7% of NMB shares.

■ Government of Tanzania

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

Non Founder Members

Public shareholders hold 21.6% of the shares of NMB, with foreign investors also holding 3.3% of NMB shares, directly or as nominees.

Wanahisa Waanzilishi

■ Rabobank na Washirika wake

Rabobank inatoa huduma kamili za kifedha na inafuata dhana za vyama vya ushirika. Ilitokana na vikundi vya ushirika vya kukopeshana Uholanzi zaidi ya miaka 110 iliyopita vilivyojumuisha wajasiriamali ambao mwanzoni hawakupewa fursa ya kupata mitaji kutoka kwenye masoko ya mitaji. Rabobank iliyoungwa kutokana na misingi imara kwenye sekta ya kilimo na biashara ndogo ndogo na za kati.

Rabobank ni miongoni mwa mabanki yanayoongoza huko Uholanzi. Imejiri zaidi ya watu 58,000 ambao wanahudumia wateja wanaokadiriwa kufikia milioni 10 katika nchi 48. Kwa mtaji, Rabobank ni moja kati ya taasisi 25 kubwa zaidi za kifedha duniani, pia ina tathmini ya juu ya kukopesheka iliopewa na wakala wa tathmini Standard & Poor's, Moody Investor Services na DBRS. Kwa taarifa zaidi tafadhali tembelea tovuti hii www.rabobank.com

Wanahisa wengine waanzalishi ni pamoja na benki ya Exim Tanzania, Kampuni ya Uwekezaji Tanzania (NICOL) na TCCIA Investment Company Limited.

■ Serikali ya Tanzania

Serikali ya Jamhuri ya Muungano wa Tanzania inamiliki asilimia 31.78 ya hisa za NMB. Inamiliki hisa hizi kupitia kwa Msajili wa Hazina katika Wizara ya Fedha.

Wanahisa wasio waanzilishi

Umma wa Watanzania unamiliki asilimia 21.6 ya hisa za NMB na wawekezaji wa kigeni kupitia kwa mawakala pia wanamiliki asilimia 3.3 ya hisa za benki ya NMB.

5

Board of Directors | Bodi ya Wakurugenzi



Joseph Semboja
Board Chairman

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

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

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

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



Lilian R. Komwihangiro
Company Secretary and Legal Counsel



Mike Laiser
Board Director

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

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

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

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



Jos van Lange
Board Director



Anne Mbughuni
Board Director

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

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

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

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



Protase Tehingisa
Board Director



Margaret Ikongo
Board Director

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 as an independent insurance consultant.

Bi. 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 amewahi kuwa mkurugenzi wa bodi katika makampuni mbalimbali ya Bima. Kwa sasa ni mshauri wa kujitegemea katika masuala ya Bima.

Mr. Albert Jonkergouw has over 16 years' experience in retail and wholesale banking internationally and within Rabobank Netherlands. He holds two university degrees in Accounting & Auditing and is a member of NOREA (Netherlands Order of Registered IT Auditors) and the South African Institute of Professional Accountants (IPA). He is also a certified member of the Nyenrode Business University Non-Executive Director Board program. Mr. Jonkergouw is currently responsible for managing investments in Africa within Rabo Development.

Albert Jonkergouw kwa sasa anahusika na kusimamia vitega uchumi Afrika ndani ya Kitengo cha Maendeleo cha Benki ya Rabo na ana ujuzi wa miaka 16 wa shughuli za benki za wateja wadogo na wakubwa kimataifa ndani ya Benki ya Rabo ya Uholanzi. Kabla ya kujiunga na kitengo cha Maendeleo cha Benki ya Rabo, Bwana Jonkergouw alikuwa ni Kiongozi Mkuu Kimataifa wa Huduma za Ukaguzi katika Benki ya Rabo, na kabla ya kushikilia wadhifa huo alikuwa Afisa Mfawidhi wa Ukaguzi katika mabenki mbalimbali nchini Afrika ya Kusini.



Albert Jonkergouw
Board Director



William Mlaki
Board Director

Mr. William Mlaki has over 35 years of development banking experience. He was Managing Director of Tanzania Investment Bank for 13 years. He served on the boards of a number of companies and financial institutions within and outside Tanzania. He is currently an independent business consultant.

Bwana William Mlaki ana uzoefu wa zaidi ya miaka 35 katika shughuli za kibenki. Alikuwa Mkurugenzi Mtendaji wa TIB kwa miaka 13. Pia amewahi kuwa mkurugenzi wa kwenye bodi za makampuni mbalimbali na taasisi za fedha hapa Tanzania na nje ya nchi. Kwa sasa ni mshauri wa kujitegemea katika masuala ya biashara.

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Chairman's Report | Taarifa ya Mwenyekiti

It's a great pleasure for me to report to the shareholders and other stakeholders of National Microfinance Bank PLC (NMB) on the financial and operational results of the bank in 2013 which, once again, were very good and remain a solid foundation for sustainable success in the future, and for continued relevance to all our customers.

ina furaha kubwa kutoa taarifa ya fedha na matokeo ya utendaji wa benki kwa wanahisa na wadau wengine wa National Microfinance Bank PLC (NMB), kwa mwaka 2013, ambayo kwa mara nyingine, ni matokeo mazuri sana na yanabakia kama msingi imara kwa mafanikio endelevu kwa siku zijazo, na kwa benki kuendelea kuwa na umuhimu kwa wateja wetu.



Economic context

The bank has operated in the context of an improving economic environment, buoyed internationally by gradual recovery from the global economic crisis and by an increasingly favourable perception of international and local investors of the many and growing business opportunities on the African continent.

In Tanzania, the economy has continued growing at roughly 7% p.a., much in line with the previous 10 years, and among the more rapidly growing economies in the world.

Thanks to appropriate monetary and other policies by the Bank of Tanzania (BOT) and the Government of the United Republic of Tanzania (GOT), we have seen year on year inflation reduce from double digits to single digits, reaching as low as 5.6% in December 2013. This may have been aided by the stable Tanzania Shilling (TZS) exchange rate, particularly against the US Dollar, which has remained remarkably stable hovering between 1570 and 1630 during 2013.

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

Financial Performance

Thanks to the resilient local economy and relatively buoyant interest rates, NMB has continued to do well in 2013. All key indicators point to solid growth, including loans (up 20% to TZS 1.6 trillion), deposits (up 13% to TZS 2.5 trillion). Once again NMB compared well to industry growth rates, implying that NMB continues to outperform its peers in key areas.

The bank's revenues grew strongly both on net interest income and non interest income lines.

Net interest income grew 18% to TZS 330 billion on the back of strong deposit growth which generated liquidity to fund loan growth and investment in government securities at roughly similar reinvestment rates as last year, while further improving the loan-to-deposit ratio from 59% to 63%.

Non interest income grew 18% to TZS 107 billion, with particularly good performance on the fees and commission line (up 17%), whereas trading income was somewhat disappointing, partially as a result of tightened regulatory environment on foreign exchange trading.

The bank's costs remained under control, growing 13.2% to TZS 225 billion. The ratio of staff costs to other operating costs remained stable at around 44%. The resulting cost to income ratio improved slightly from 55% to 57%.

Hali ya uchumi

Benki imefanya biashara katika mazingira ambapo uchumi umeboreka, ikisaidiwa kimataifa na ahueni ya taratibu kutoka kwenye mtikisiko wa kiuchumi duniani na mtazamo mzuri wa wawekezaji wa kimataifa na wa ndani kwa fursa nyingi na zinazoongezeka za biashara katika bara la Afrika.

Nchini Tanzania uchumi umeendelea kukua kwa takriban asilimia 7 kwa mwaka, kama ilivyokua katika miaka kumi iliyotangulia, na ikiwa moja ya nchi zenye uchumi unaokua kwa kasi sana duniani.

Kutokana na sera nzuri za kifedha na sera nyingine za Benki Kuu ya Tanzania na Serikali, tumeshuhudia mwaka ambapo mfumuko wa bei umepungua kutoka tarakimu mbili hadi moja, kufikia kiwango cha chini cha asilimia 5.6 mwezi Disemba 2013. Hali hii itakuwa imesababishwa na uimara wa sarafu ya Tanzania (TZS), hasa dhidi ya dola ya Kimarekani, ambapo sarafu imebaki imara sana ikibadilishwa kwa kati ya dola 1570 na dola 1630 mwaka 2013.

Pamoja na pengo kubwa katika pato la nchi na nakisi kubwa ya bajeti, kupungua kwa mfumuko wa bei kunaleta mategemeo ya kushuka kwa taratibu kwa viwango vya riba katika soko na dhamana za serikali, ambako kunaweza kufuatiwa na kupungua kwa taratibu kwa viwango vya riba kwenye mikopo kwenye sekta ya uzalishaji.

Matokeo ya Kifedha

Kufuatia utulivu wa uchumi wa ndani na viwango vizuri vya riba, NMB imeendelea kufanya vizuri mwaka 2013. Viashiria vyote vinaonyesha ukuaji imara, ikiwemo mikopo (imeongezeka kwa 20% kufikia TZS 1.6 trilion) na amana (zimeongezeka kwa 13% hadi kufikia TZS 2.5 trilion). Kwa mara nyingine NMB iliendelea kufanya vizuri katika umiliki wa soko ikilinganishwa na mabanki mengine.

Mapato ya benki yaliongezeka sana kwa upande wa mapato halisi ya riba na mapato yasiyo ya riba.

Mapato halisi ya riba yalikua kwa asilimia 18 hadi TZS 330 bilioni kufuatia ongezeko kubwa la amana ambalo liliteta ukwasi uliowezesha kuongezeka kwa mikopo na uwekezaji kwenye dhamana za serikali kwa takribani sawa na viwango vya kuwekeza tena vya mwaka jana, sambamba na kuboresha uwiano wa mikopo na amana kutoka asilimia 59 hadi 63.

Mapato yasiyo ya riba yalikua kwa asilimia 18 kufikia TZS 107 bilioni, hususan kwa upande wa ada na kamisheni (ongezeko la asilimia 17), wakati mapato kutokana na biashara ya fedha yalikuwa si ya kuridhisha, hali ambayo kwa kiasi fulani ilitokana na ubanaji wa mazingira ya kisheria katika biashara ya fedha za kigeni.

Gharama za benki ziliweza kudhibitiwa, kukua kwa asilimia 13.2 hadi TZS 225 bilioni. Uwiano wa gharama za wafanyakazi kwa gharama nyingine za uendeshaji zilisimama kwenye asilimia 44. Uwiano wa gharama kwa mapato iliboreka kidogo kutoka asilimia 55 mpaka asilimia 57.

The non-performing loan (NPL) ratio remained stable at a low 2.6%, thanks to continued conservative write off and impairment decisions. The impairment coverage ratio on NPL's is now about 89%.

Overall, these favourable developments have contributed to strong improvement of the bank's Profit After Tax, up 37.5% to TZS 133.9 billion, while NMB's key performance indicators such as loan-to-deposit ratio (LDR) improved. The bank's return-on-average equity (ROAE) improved from 27% to 29%.

Share Price and Investor Relations

The bank's Net Asset Value (NAV) increased by 28% to TZS 456.6 billion. On a per share basis, the NAV per share increased from TZS 714 to TZS 913 per share, while earnings per share (EPS) increased from TZS 194.8 to TZS 267.81 per share.

Based on the favourable perceptions of African markets and NMB's relatively large share in the market capitalisation of the Dar Es Salaam Stock Exchange (DSE), investors were rewarded with an improved closing year-end price of TZS 2,620 per share, up 134% from TZS 1,120 in 2012. The closing share price implied a Price to book Value (PBV) multiple of 2.87, and and Price-Earnings ratio (PE) of 9.78.

Total shareholder return considerations included improvement in NAV per share, share price improvement and dividends paid.

Governance

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

The Board of Directors also is closely involved in setting out the medium term strategy of the bank, which has been refined in the course of 2013.

As at December 2013, there remained one vacancy in the Board of Directors, and a search is ongoing to find a suitable candidate to fill this vacancy, for possible approval in a General Shareholders' Meeting of NMB.

Dividend Proposal

The board of Directors of NMB, in their meeting of 11th march 2014, recommended a dividend of TZS 90 per share, up 32.35% from the previous year.

The dividend proposals reflect the solid financial position of the bank, and its strong profitability. It also takes into account current regulatory guidelines, and anticipates on the possible further increased minimum regulatory capitalisation levels to be proclaimed by BOT, while complying with the bank's own prudent risk policies which

Uwiano mikopo isiyolipika imeendelea kuwa katika kiwango kinachoridhisha cha asilimia mbili (2.6%), tunashukuru kwa utaratibu mzuri wa kufuta madeni na kufanya maamuzi. Uwiano wa uwezo wa benki kukabiliana na mikopo isiyolipika ni 89%.

Kwa ujumla, maendeleo haya yamepelekea kuongezeka sana kwa faida kabla ya kodi, kukua kwa 37.5% hadi TZS 133.9 bilioni, wakati viashiria vikuu vya matokeo kama uwiano wa mikopo kwa amana (LDR) viliboreka. Wastani wa Mapato yatokanayo na wastani wa mali yatokanayo na hisa (ROAE) uliongezeka kutoka 27% hadi 29%

Bei ya Hisa na Mahusiano na Wawekezaji

Thamani halisi ya rasilimali za benki (NAV) iliongezeka kwa 28% mpaka TZS 456.6 bilioni. NAV kwa kila hisa iliongezeka kutoka TZS 714 hadi TZS 913 kwa kila hisa, wakati pato la hisa (EPS) liliongezeka kutoka TZS 194.8 hadi TZS 267.81.

Kufuatia mtizamo mzuri wa masoko ya Afrika na ukubwa wa NMB katika soko la mitaji la Dar es Salaam, wawekezaji walizawadiwa bei nzuri ya kufungia mwaka ya TZS 2,620 kwa kila hisa, ikiwa ni ongezeko la asilimia 134 kutoka TZS 1,120 ya mwaka 2012. Uwiano kati ya bei ya soko ya hisa na ya kufungia soko ilionyesha (PBV) wa 2.87, na uwiano kati ya bei ya hisa moja kwa mapato kwa hisa moja imefikia 9.78.

Pato la jumla la mwanahisa lilijumuisha ongezeko kwenye thamani halisi ya rasilimali za benki (NAV), ongezeko la bei ya hisa na gawio lililolipwa.

Utawala

Bodi ya Wakurugenzi inaendelea kutumia kanuni za utawala bora, katika kufuata viwango bora vya utendaji na pia bodi na/au kamati zake kuendelea kujipima mara kwa mara na kujaribu kujiweka karibu na wadau wake.

Bodi ya Wakurugenzi pia inahusika kwa karibu katika kutengeneza mikakati ya muda wa kati ya benki, ambayo ilipitiwa upya mwaka 2013.

Hadi Disemba 2013, kulikuwa na nafasi moja ya wazi kwenye Bodi ya Wakurugenzi, ambapo juhudi zinaendelea kumpata mtu anayefaa kujaza nafasi hiyo, ambaye atathibitishwa na Mkutano Mkuu wa Wanahisa wa NMB.

Pendekezo la Gawio

Bodi ya Wakurugenzi wa NMB, katika mkutano wake uliofanyika tarehe 11 mwezi Machi mwaka 2014, ulipendekeza gawio la TZS 90 kwa hisa ambapo ni ongezeko la asilimia 32.35 ikilinganishwa na mwaka uliopita.

Pendekezo hili ni sambamba na ukuaji wa faida ya benki na sheria zilizopo zinazoongoza. Pia limezingatia kiwango cha kisheria kinachotakiwa kubaki ili kukuza mtaji ili kukabili mazingira yasiyotarajiwa, na kujiandaa na ongezeko la kiwango cha chini cha lazima cha mtaji kinachotarajiwa


have been adopted by the Board. It also takes into account the bank's investments in its future business strategies, including particularly its planned capital expenditures in IT and points of representation nationwide.

The proposed dividend at TZS 90 per share represents a dividend yield of some 3.4% based on the bank's December 2013 share price of TZS 2,620. The dividend pay out ratio would stand at 33.6% of the bank's net profit after tax.

Conclusion

The banks future prospects remain strong, based on the expected continued growth of the local economy, despite possible pressures around current and fiscal account deficits. A stable monetary policy combined with continued investment and private consumption which are expected to contribute to continued economic growth at 7% p.a. should bode well for the banking sector as a whole as well as for NMB. In the medium term the potential of agriculture and natural resources such as natural gas continue to beckon.

On behalf of the Board of Directors, I wish to thank management and staff for delivering another successful year, both financially and operationally, and of course all our stakeholders including Government of Tanzania, shareholders, and our customers for their support and loyalty to NMB.



Prof. Joseph Semboja
Chairman

kutangazwa na Benki Kuu ya Tanzania. Pia ni sambamba na sera za benki za uangalifu makini ambazo zimepitishwa na bodi. Pia imezingatia uwekezaji wa benki kufuatana na mikakati yake ya kibiashara kwa siku za baadae, ikiwemo uwekezaji kwenye mifumo ya TEHAMA na maeneo yake ya biashara nchini kote.

Pendekezo la gawio la TZS 90 kwa hisa, inawakilisha pato la hisa la asilimia 3.4 msingi wake ukiwa ni bei ya hisa ya TZS 2,620 ya Disemba 2013. Uwiano wa gawio utakuwa ni asilimia 33.6 ya faida halisi ya benki baada ya kodi.

Hitimisho

Matarajio ya baadaye ya benki ni mazuri, msingi wake ukiwa ni mategemeo kwamba uchumi wa nchi utaendelea kukua, licha ya shinikizo linalotokana na pengo la pato la nchi na nakisi ya bajeti. Sera thabiti ya fedha pamoja na kuendelea kwa uwekezaji na matumizi binafsi ambavyo vinategemewa kuchangia kwenye ukuaji wa uchumi wa asilimia 7 kwa mwaka, ni viashiria vizuri kwa sekta ya fedha kwa ujumla na pia NMB. Katika muda wa kati uwezo wa sekta za kilimo na maliasili, kama vile gesi asilia unaendelea kuonesha mwelekeo mzuri.

Kwa niaba ya bodi ya wakurugenzi, ninapenda kushukuru uongozi wa benki na wafanyakazi kwa kuwa na mwaka mwingine wa mafanikio kifedha na kiutendaji na pia kuwashukuru wadau wetu wote ikijumuisha Serikali ya Tanzania, wanahisa wetu na wateja wetu kwa kuiunga mkono NMB.



Profesa Joseph Semboja
Mwenyekiti

7 Chief Executive Officer's Report | Taarifa ya Afisa Mtendaji Mkuu

The year 2013 has been another remarkable year for NMB, continuing on its mission to provide affordable customer focused financial services to the Tanzanian community, through its extensive branch network, while realising sustainable benefits to all its stakeholders.

I'm pleased to report that NMB has had another year of record results, with Profit After Tax up 37% from TZS 97.4 billion to TZS 133.9 billion, and return on equity of 29%, with most business lines buoyed by a strong economic environment.

Mwaka 2013 ulikuwa mwaka mwingine wa mafanikio sana kwa NMB, kwani iliendeleza lengo lake la kutoa huduma za kibenki kwa gharama nafuu zenye kumlenga mteja wa jamii ya Kitanzania kupitia mtandao wake mpana wa matawi, huku ikitoa manufaa endelevu kwa wadau wake wote.

Ninayo furaha kutoa taarifa kwamba NMB ilikuwa na mwaka mwingine wa matokeo mazuri ya kifedha ambapo faida baada ya kodi imeongezeka kwa asilimia 37 kutoka TZS 97.4 bilioni mwaka uliopita kufikia TZS 133.9 bilioni mwaka 2013, rejesho kwenye faida za wanahisa la asilimia 29, hali iliyosaidiwa na mazingira yaliyoimarika ya kiuchumi.



We continually remind ourselves that as bankers, our primary responsibility is to remain relevant to our customers and it has therefore been equally gratifying to see continued improvements in our customer value propositions translated into increased business volumes across most segments and products.

Our consistency across the board performance was also rewarded for the first time in the bank's history by accolades from prestigious international publications such as Euromoney and The Banker, who selected NMB as "Best Bank in Tanzania 2013" and "Bank of the Year Tanzania 2013", respectively.

Economic Developments

The global economy has continued its gradual improvement, further supporting Tanzania's already very resilient economy which continued to grow at around 7% per year.

The local financial markets have remained stable, with headline inflation reducing to single digits, a stable exchange rate hovering between TZS 1570 and TZS 1630 to the US dollar for most of 2013, and reported year end international reserves of around USD 4.5 billion or approx. 4.5 months import cover.

Interest rates have remained relatively high on the back of a tight monetary policy stance from the Bank of Tanzania and in the context of a fairly high fiscal deficit and current account deficit. Yields on short term securities (less than one year) remained on average around 12 % p.a. (see figure below).

In the medium term, development of the natural gas sector in the coming years is expected to generate significant inflows from Foreign Direct Investments, but also outflows resulting from imports of capital goods, which may put further pressure on the structural current account deficit. The real impact of natural gas investments is not expected to start being felt before 2020 when the first gas is expected to start flowing.

Tunaendelea kujikumbusha kwamba kama benki, jukumu letu la msingi ni kuendelea kuwa muhimu kwa wateja wetu. Hivyo inafurahisha kuona jinsi tunavyoendelea kuboresha kwa adhama yetu ya jinsi ya kumpa mteja huduma ya thamani kunavyojitafiri katika kukua kwa biashara katika makundi na bidhaa mbalimbali.

Utendaji wetu mzuri katika vigezo mbalimbali pia umetambuliwa kwa mara ya kwanza katika historia ya benki kwa kutunukiwa tuzo kutoka majarida maarufu ya kimataifa ya Euromoney na The Banker, ambao waliichagua NMB kama "Benki bora nchini Tanzania 2013" na "Benki ya Mwaka Tanzania 2013" kwa mtiririko huo.

Maendeleo ya Kiuchumi

Uchumi wa dunia umeendelea kuimarika taratibu na hivyo kuusaidia zaidi uchumi wa Tanzania ulioweza kuhimili vizuri mabadiliko. Uchumi uliendelea kukua kwa asilimia 7 kwa mwaka.

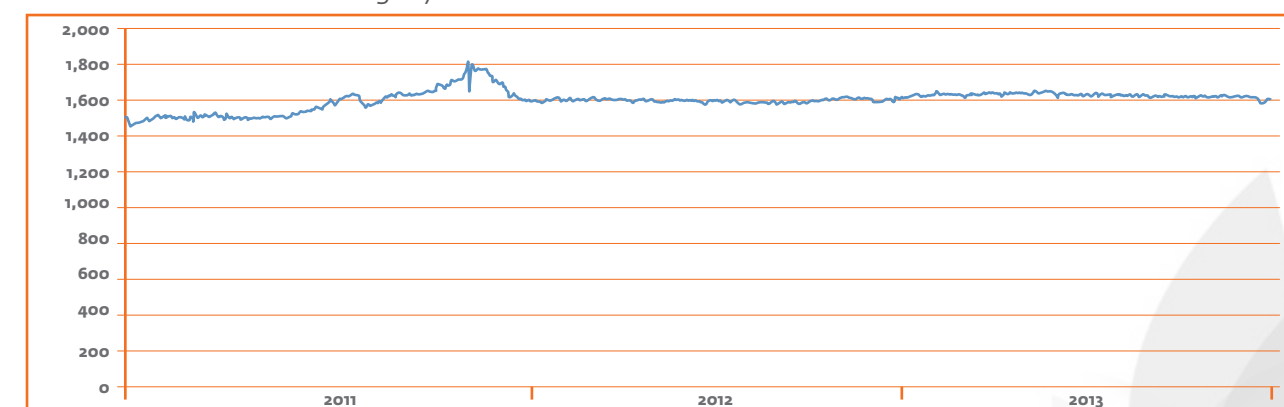
Soko la fedha la ndani lilibaki imara, mfumuko wa bei ulishuka hadi kufikia tarakimu moja, bei ya kubadilisha shilingi kwa dola ilikuwa kati ya TZS 1570 na TZS 1630 kwa dola moja kwa kipindi kirefu cha mwaka 2013, na kiwango cha akiba ya fedha za kifizikia USD 4.5 bilioni au takriban kiwango cha kuagiza bidhaa kwa miezi 4.5 kutoka nje.

Viwango vya riba viliendelea kuwa vikubwa katika mazingira ya msimamo thabiti wa Benki Kuu katika kusimamia sera za fedha wakati ambapo kulikuwa na nakisi kubwa ya bajeti na katika urari wa biashara. Chumo kutoka kwenye dhamana za muda mfupi (zisizozidi mwaka mmoja) yalibakia kwenye wastani wa asilimia 12 kwa mwaka. (Tazama kielelezo hapo chini).

Katika muda wa kati, uendelezaji wa sekta ya gesi asilia unatarajiwa kuleta mapato kwa kiwango kikubwa katika miaka ijayo kutokana na Uwekezaji wa Moja kwa Moja kutoka Nje, lakini pia matumizi kutokana na gharama za uagizaji wa bidhaa za mitaji, ambayo inaweza kuweka shinikizo zaidi kwenye pengo la pato la taifa. Matunda halisi ya uwekezaji katika gesi asilia hayategemewi kuanza kuonekana kabla ya mwaka 2020 wakati gesi ya kwanza inatarajiwa kuanza kuzalishwa.

Figure 1: TZS vs USD exchange rate trend

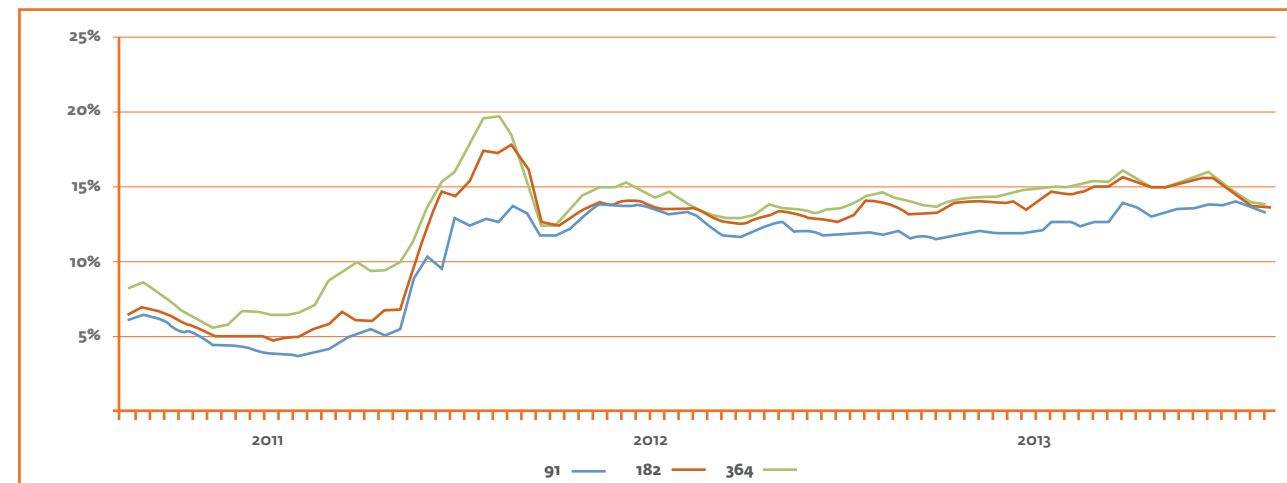
Kielelezo 1: Mwelekeo wa viwango vya TZS vs USD



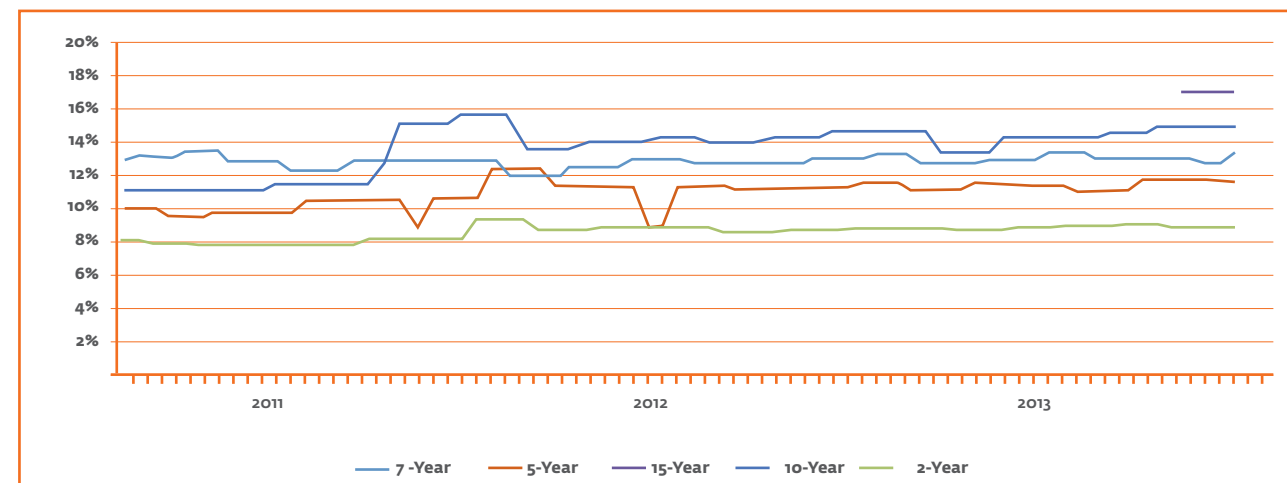
Source: Bank of Tanzania website.

Figure II (i): Treasury Bills Yields

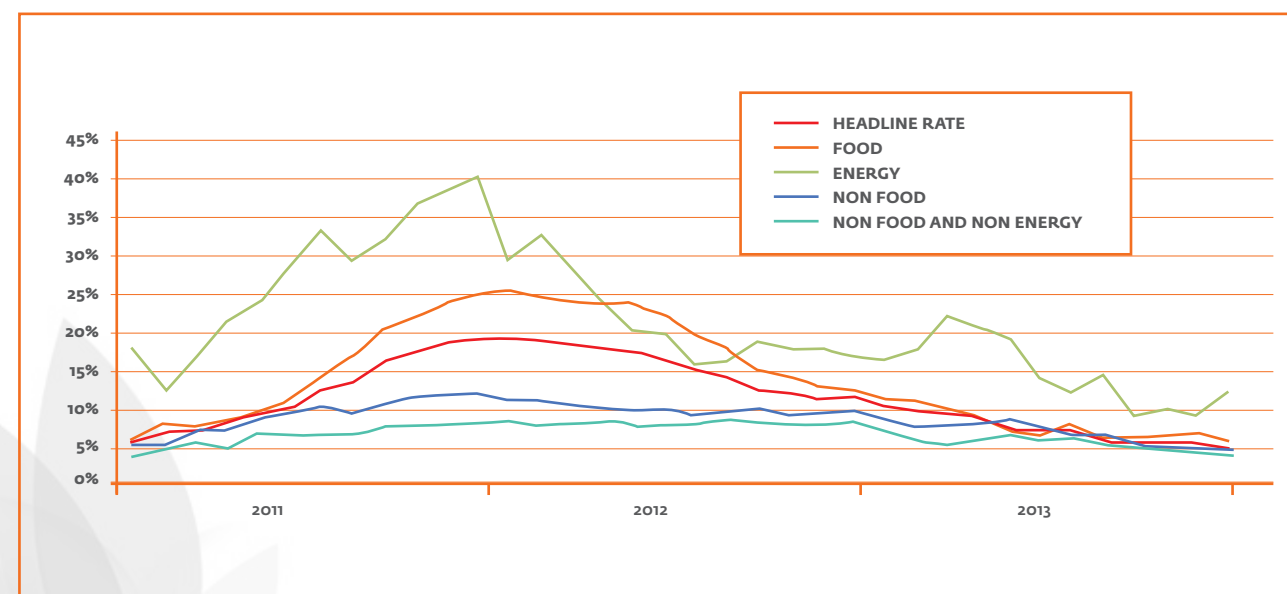
Kielelezo II (i): Chumo kutokana na Hawala za Serikali

**Figure II (ii): Treasury Bonds Yields**

Kielelezo II (ii): Chumo Kutokana na Dhamana za Serikali

**Figure II (iii): Headline inflation rate**

Kielelezo II (iii): Mfumuko wa Bei



However there are good hopes that until then the economy will continue growing at least at 7% p.a., despite continued high fiscal and current account deficits, powered by strong domestic consumption.

Market Developments

The Tanzanian banking market now has as many as 52 licensed banks (50 in 2012), who together operated 609 branches (of which NMB owns 153, or 25%), and total assets of TZS 17.9 trillion (of which NMB represent TZS 3.2 trillion or 18%).

According to data published by banks pursuant to section 32 (3) of the Banking and Financial Institutions Act, the markets have developed as follows:

Table I: Market Growth 2013

	TOTAL MARKET	TOP 8 BANKS	NMB PLC
Deposit growth	8%	9%	13%
Advances growth	15%	11%	20%
Total Income growth	15%	13%	18%
Operating Cost/			
Total Income	73%	73%	53%
Loan/Deposit Ratio	68%	62%	63%

According to these same published data, the NMB's market shares evolved as follows:

Table II: NMB PLC Market share

	2011	2012	2013
Deposits	16%	19%	20%
Advances	16%	17%	18%
Total Income	23%	25%	25%
Profit after Tax	31%	38%	48%

Financial Results

NMB was able to continue its customer deposit generation in 2013 on the back of the successful "Jisevie" and "Try Us" customer campaigns. It was gratifying to see these campaigns translate into full year deposit growth of some 13%, roughly at market. The increased liquidity was allocated to a growing loans and advances book (up 20%) and to government securities.

This deposit generation and changes in the mix in allocation to loans and advances and securities resulted in an improvement of the loan-to-deposit ratio to some 63%. Total interest income benefited from continued relatively high interest rates both on the lending and investment side, coupled with good lending and investments volume growth. As a result, net interest income grew by a respectable 18% year-on-year.

Hata hivyo kuna matumaini makubwa kwamba mpaka wakati huo uchumi utakuwa ukiendelea kukua kwa kasi ya takriban asilimia 7 kwa mwaka, licha ya kuendelea kwa mazingira ya nakisi kubwa ya kifedha na pengo katika pato la taifa zinazosababishwa na matumizi makubwa ya ndani.

Maendeleo ya Soko

Soko la benki nchini kwa sasa lina jumla ya mabanki 52 yenye leseni (50 yalikuwepo mwaka 2012), ambayo yote kwa pamoja yana matawi 609 (ambapo kati ya hayo NMB ina matawi 153 au asilimia 25) na rasilimali za jumla ya TZS 17.9 trilion (ambapo kati ya hizo zile za NMB zina thamani ya TZS 3.2 trilion au asilimia 18).

Kwa mujibu wa takwimu zilizotolewa na mabanki yote kwa mujibu wa kifungu cha 32 (3) cha Sheria za Mabanki na Taasisi za Fedha, kuna ongezeko katika soko kama ifuatavyo:

Jedwali I: Ukuaji wa Soko 2013

	SOKO KWA UJUMLA	MABENKI 8 MAKUBWA	NMB PLC
Ukuaji wa Amana	8%	9%	13%
Ukuaji wa Mikopo	15%	11%	20%
Ukuaji wa Mapato ya jumla	15%	13%	18%
Gharama za Uendeshaji/Mapato ya jumla	73%	73%	53%
Uwiano wa Mikopo/Amana	68%	62%	63%

Kwa mujibu wa takwimu hizi, soko la NMB liliongezeka kama ifuatavyo:

Jedwali II: Ukubwa wa Soko la NMB PLC

	2011	2012	2013
Amana	16%	19%	20%
Mikopo	16%	17%	18%
Mapato	23%	25%	25%
Faida Baada ya Kodi	31%	38%	48%

Matokeo ya Kifedha

NMB iliendelea kukuza amana zake mwaka 2013 kufuatia kampeni zilizofanikiwa za "Jisevie" na "Try Us". Inafurahisha kuona kwamba kampeni hizi zimepelekea ukuaji wa amana kwa takriban asilimia 13 kwa mwaka mzima sambamba na ukuaji wa soko. Ongezeko la ukwasi lilisababishwa na ukuaji katika utoaji mikopo (ongezeko la asilimia 20) na dhamana za serikali.

Upatikanaji huu wa amana na mabadiliko katika mchanganyiko wa utoaji mikopo na dhamana uliboresha uwiano wa mikopo-kwa-amana hadi asilimia 63. Mapato ya jumla yatokanayo na riba yalisaidiwa na kuendelea kuwepo kwa riba kubwa katika upande wa

Non-funded income grew by 18% to TZS 107 billion, on the back of higher customer transactional volumes generating increased commissions, while foreign exchange trading income remained somewhat disappointing despite higher customer volumes as a result of low market volatility and tighter regulatory environment.

Accordingly, total revenues grew by about 18% to TZS 422.2 billion.

On the expense side, total expenses growth rate at 13% remained well below the revenue growth rate of 18%, which translated in a cost to income ratio of 53%. Staff costs represent about 44% of total expenses.

With regards to the risk profile of NMB's lending activities we are pleased to report another year of fairly low NPL's at around 2.6%. This is as a consequence of NMB's conservative lending appetite and impairment and write off policies. Cumulative impairments as at the end of the year amounted to TZS 38.1 billion, or 2% of the year end loan book, and write offs represented 1%.

Overall the bank's Profit After Tax (PAT) increased by a respectable 37% to TZS 133.9 billion.

The bank's key efficiency ratios remained stable or improved viz. the cost-to-income ratio which improved from 55% to 53%, and the loan-to-deposit ratio which improved from 59% to 63%, though remaining well below the regulatory maximum of 80%.

The bank's return on equity improved from 27% to 29% while the core capital of the bank grew to TZS 421.8 billion, resulting in a capital adequacy ratio of 22% (before appropriation of profits), also well above the increased regulatory minimum of 12%.

In generating these strong results, it is also useful to share how the value created was allocated between NMB's key stakeholders:

- To Government of Tanzania (GOT) (in the form of income taxes, PAYE, SDL etc...) TZS 79.6 billion.
- To shareholders (incl. GOT) and other providers of capital (in the form of dividend TZS 34 billion).
- To employees (in the form of salaries and benefits) TZS 99.7 billion.
- To other stakeholders (in the form of sponsorships, Public Relations donations etc) TZS 1.05 billion.

From these very encouraging and strong results, it becomes apparent that there is a balanced allocation of value created, with a large proportion of the value created by NMB reverting back to Government of Tanzania.

Business Developments

NMB key business lines include Wholesale Banking, Retail banking and Treasury, whose chosen customers benefit of NMB's growing range of transactional-, lending-, savings- or investment-, and foreign exchange solutions.

utoaji mikopo na uwekezaji, sambamba na ongezeko la mikopo na uwekezaji. Kwa hiyo, mapato halisi yatokanayo na riba yaliongezeka kwa kiwango kizuri cha asilimia 18 ikilinganishwa na mwaka uliopita.

Mapato yasiyotokana na riba yalikua kwa asilimia 18 kufikia TZS 107 bilioni, kufuatia miamala mikubwa zaidi iliyoongeza mapato kutokana na kamisheni. Mapato yaliyotokana na biashara ya fedha za kigeni hayakuwa ya kuridhisha licha ya idadi kubwa ya wateja, hii ilitokana na mabadiliko madogo ya bei katika soko na mazingira ya kisheria yenye udhibiti mkali zaidi.

Kwa hiyo, mapato kwa ujumla yaliongezeka kwa asilimia 18 kufikia TZS 422.2 bilioni.

Kwa upande mwingine, ukuaji wa jumla wa matumizi wa asilimia 13, ulikuwa chini ya ukuaji wa mapato wa asilimia 18, iliyoepesha uwiano wa asilimia 53 wa matumizi kwa mapato katika mwaka. Gharama za wafanyakazi zilikuwa ni asilimia 44 ya matumizi yote.

Kwa upande wa shughuli za mikopo, inafurahisha kuona benki iliendelea kuwa na uwiano mdogo wa mikopo chechefu (inayoweza kutolipika) wa asilimia 2.6. Uwiano huu mdogo wa mikopo chechefu unatokana na msimamo thabiti wa kudhibiti hasara itokanayo na mikopo. Hasara kutokana na mikopo isiyolipika kwa mwaka ni TZS 38.1 bilioni, au asilimia 2 ya mikopo yote, na mikopo iliyofutwa ni 1%.

Kwa ujumla, Faida ya benki Baada ya Kodi iliongezeka kwa kiwango kizuri cha asilimia 37 kufikia TZS 133.9 bilioni.

Vilevile, uwiano wa vigezo vya ufanisi vimebaki vilevile au kuongezeka Uwiano wa gharama na mapato uliboreka kutoka asilimia 55 hadi asilimia 53 na uwiano wa mikopo na amana uliboreka kutoka asilimia 59 mpaka asilimia 63, licha ya kuwa chini ya kiwango cha juu cha sheria za benki cha asilimia 80.

Pato linalotokana na mtaji lilikua kutoka asilimia 27 hadi asilimia 29, wakati mtaji wa msingi wa benki ulikua kufikia TZS 421.8 bilioni, na kuwezesha kiwango toshelezi cha mtaji cha asilimia 22 (kabla ya kuondoa kodi) kikiwa juu ya kiwango kinachokubalika kisheria cha asilimia 12 kwa mujibu wa sheria za benki.

Katika kuangalia matokeo ya kifedha ya benki, ni muhimu kuangalia jinsi thamani iliyozalishwa ilivyogawanywa kwa wadau wa msingi wa NMB.

- Kwa Serikali ya Tanzania (ikihusisha kodi ya mapato, PAYE, SDL n.k...) TZS 79.6 bilioni.
- Kwa wanahisa (ikiwemo serikali) na watoa mtaji (ikihusisha gawio TZS 34 bilioni).
- Kwa wafanyakazi (ikihusisha mishahara na stahili) TZS 99.7 bilioni.
- Kwa wadau wengine (kupitia udamini, uhusiano wa jamii, misaada n.k.) TZS 1.05 bilioni.

Key business lines are supported by divisions such as ICT and Operations, Human Resources, Finance. Oversight and control is provided by divisions such as Risk, Internal audit.

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

- Generally the team has shown good progress in further improving the mix of lending and non lending business, including foreign exchange, trade finance and payments and collections. The Wholesale banking division loan book, including agriculture, represents approx. 25% of the banks total loans. With over 153 branches nationwide and a full range of electronic transactional solutions for payments and collections, we have a compelling offering, with an increasing number of the country's leading Corporates and Institutions considering NMB as their core bankers. We are also making inroads in facilitating some of the country's oil importers and are seeing encouraging trade finance volume growth.

- Our Government business has remained stable. NMB won six out of the seven geographic Lots tendered by GOT, and we are also making good progress in developing new business opportunities with Government outside the narrow definition of the Banking Services Tender. There is a continuing effort to improve service levels and increase straight through processing for all customers, including GOT.

- Our Agriculture team continues to provide financing to hundreds of Agricultural Marketing Cooperatives (Amcos), to whom we provide input finance, warehouse receipt finance and other financing, despite challenging regulatory circumstances, a fragmented sector and regular interference in the markets. The team also finances larger commercial and emerging farmers, and provides financing to outgrowers of selected industrial farming complexes.

- Our **Retail Banking** business lines includes Personal Banking (including civil servants) and M-SME banking, to whom we provide the full range of lending, transactional and savings solutions, supported by continued investments in technologies.

- Loans to individuals (mostly salary backed loans, based on deduction codes) continued to grow strongly at about 24%, with the loan portfolio representing some 54% of total loans and advances. Current and savings account balances owed to individuals also grew well at about 14% on the back of our Jisevie and Try Us campaigns. These campaigns also resulted in increased transactional volumes, which supported our fees and commissions growth.

Kufuatia matokeo haya mazuri na ya kufurahisha, ni wazi kwamba kuna uwiano mzuri katika mgawo wa thamani iliyozalishwa, huku kiasi kikubwa cha thamani iliyozalishwa na NMB kikirudi kwa Serikali ya Tanzania.

Maendeleo ya Biashara

Maeneo makuu ya biashara ya NMB ni Biashara ya Jumla , Wateja wa Reja reja na Hazina, ambapo wateja wanafaidika na ongezeko la aina ya ufumbuzi wa miamala na huduma na bidhaa za mikopo, akiba, uwekezaji na fedha za kigeni.

Maeneo haya makuu ya biashara yanasaidiwa na vitengo kama TEHAMA na Operesheni, Raslimaliwatu, Fedha. Udhibiti wa Hasara na Ukaguzi wa Hesabu.

- Kitengo chetu cha **Biashara ya Jumla** kinalenga kwenye mahitaji ya kifedha ya wateja wakubwa na makampuni makubwa, serikali (serikali kuu, serikali mitaa na taasisi zake), taasisi nyingine (bima, mifuko ya pensheni, NGO's, wakala wa serikali n.k) na biashara ya kilimo (kuwezesha kilimo cha mazao), kikiwa na timu mahsusi ya huduma.

- Kwa ujumla timu imefanya kazi nzuri katika kuboresha mchanganyiko wa biashara ya mikopo na isiyo ya mikopo, ikiwamo biashara ya fedha za kigeni, biashara za fedha na malipo na makusanyo. Mikopo iliyotolewa na kitengo cha biashara ya jumla, ikiwemo ya kilimo, ni takriban asilimia 25 ya mikopo yote iliyotolewa na benki. Ikiwa na mtandao wa matawi 153 nchini kote na aina mbalimbali za ufumbuzi wa miamala ya kielektroniki kwa malipo na makusanyo, tuna mvuto mkubwa, huku makapuni makubwa na taasisi zikiitumia NMB kama benki yao ya msingi. Tumeingia pia katika kuwezesha baadhi ya wafanyabiashara waagizaji wa mafuta nchini na tunaona mafanikio kwenye ukuaji wa biashara.

- Biashara yetu na serikali imebaki imara. NMB ilishinda mafungu sita ya kijiografia kati ya yale yaliyotolewa na serikali kwa njia ya zabuni. Tunapata mafanikio pia katika kuongeza fursa za kibiashara kati yetu na serikali nje ya tafsiri finyu ya Zabuni za Huduma za Kibenki. Kuna jitihada zinazoendelea kuboresha na kuongeza viwango vya huduma kwa wateja wote, ikiwemo serikali.

- Kitengo chetu cha kilimo kinaendelea kutoa mikopo kwa mamia ya Vyama vya Ushirika wa Masoko ya Kilimo (Amcos). Tunatoa mikopo ya pembejeo, stakabadhi za mazao ghalani na mikopo ya aina nyingine, licha ya sekta hii kuwa na mazingira magumu ya kisheria katika udhibiti wa fedha. Timu pia inatoa mikopo kwa wakulima wakubwa wa kibiashara na wakulima wa mkataba kwenye baadhi ya maeneo ya kilimo kwa ajili ya viwanda.

- **Biashara yetu kwa wateja wa reja reja** inajumuisha Wateja Binafsi (wakiwemo watumishi wa umma) na wajasiriamali na wa Kati, ambao tunawapa huduma zote za mikopo, ufumbuzi wa miamala na akiba, ikiimarishwa na uwekezaji unaoendelea katika teknolojia.

- Loans and advances to Micro, Small and Medium Enterprises (M-SME's) continued also to grow well at around 15%, representing about 20% of total loans and advances. We are supporting our MSME customers through Reginal Business Clubs.
- Further customer service improvements were achieved in a number of areas, with a clear NMB Service Commitment towards our customers.
- Our new remote instant account opening offering was launched in 2013 under the Chap Chap brand. The Chap Chap account is a low cost entry level account, without monthly fees and powered by NMB Mobile, an ATM card and biometrics. It is sold offsite (outside our branches).
- A key constraint to formal financial inclusion remains the high KYC requirements imposed by the regulatory environment, which are prohibitive in cost and complexity to a large proportion of the unbanked population.
- On the Distribution side, our branch network increased from 147 to 153 branches, of which 136 are in rural areas, and 17 are in Dar Es Salaam. We have also continued to expand our network of Business Centres, targeted at large corporates, SME's and Government. These are located in Arusha city, Mwanza city and Dar es Salaam. A major project is underway to upgrade our branches look and feel, for the benefit of our staff and customers, with over 100 branches slated for renovation.

We have continued to enhance our self-service channels. NMB operated 485 ATM's at year end and in 2013 we entered into a cooperation with Vodacom, a Mobile Network Operator (MNO), allowing NMB Mobile customers to transact directly to and from their M-Pesa mobile payment platform. This effectively expanded the bank's physical distribution with another 40,000 additional cash-in/cash-out points operated by M-Pesa agents.

The customer take up has been impressive, also contributing significantly to the bank's fees and commissions lines. A similar integration arrangement with Tigo, another MNO, is also in the cards.

On the other side, the banking industry continues to face challenges, as a result of a lack of level playing field between banks and Mobile Network Operators (MNO's), with bank customers subjected to much tighter Know Your Customer (KYC) and Anti Money Laundering (AML) requirements than the MNO's.

- Our **Treasury** Business line includes TZS money markets and foreign exchange trading.

The money market activities have benefited from increased deposit generation which was partially re-invested in securities. Higher volumes, improved short term and longer term funding and gapping

- Mikopo kwa watu binafsi (hasa mikopo ambayo marejesho yanakatwa kwenye mshahara) iliendelea kuongezeka kwa kasi ya takriban asilimia 24, huku mikopo iliyotolewa kwenye kundi hili ikiwa ni asilimia 54 ya jumla ya mikopo yote. Akiba kwenye akaunti za hundi na akiba za watu binafsi zilikuwa kwa takriban asilimia 14 kutokana na kampeni za 'Jisevie' na 'Try Us'. Kampeni hizi pia ziliongeza ukubwa wa miamala, na hivyo kuongeza makusanyo ya ada na kamisheni.
- Mikopo kwa Wajasiriamali Wadogo Wadogo na wa Kati (M-SME) iliendelea kukua vizuri kwa takriban asilimia 15 ikiwakilisha asilimia 20 ya mikopo yote. Tunahudumia wateja hawa kwa kupitia klabu za biashara za kanda.
- Maboresho katika huduma kwa wateja yalikuwepo kwenye maeneo mengi mengine, yakifanywa kwa Dhamira dhahiri ya NMB kuwahudumia vizuri wateja wake.
- Huduma yetu ya kufungua akaunti nje ya matawi ya benki ilizinduliwa mwaka 2013, kwa chapa ya Chap Chap. Akaunti hii hufunguliwa kwa kiasi kidogo cha fedha, haina ada za kila mwezi, na inaendeshwa kwa NMB Mobile, kadi ya ATM na biometriki.
- Kikwazo kikubwa katika kujiunga na huduma za kifedha kinabakia kuwa ni matakwa makubwa ya Mjue Mteja Wako (KYC) yaliyowekwa kisheria, ambayo hayavutii kutokana na gharama na ugumu kwa wananchi wengi ambao hawatumii huduma za kibenki.
- Kwa upande wa mtandao, idadi ya matawi yetu iliongezeka kutoka 147 hadi 153 ambapo matawi 136 yapo katika maeneo ya vijijini, na 17 yapo Dar es Salaam.

Tumeendelea pia kupanua mtandao wetu wa Vituo vya Biashara, vinavyolenga makampuni makubwa, Wajasiriamali Wadogo na wa Kati na Serikali. Haya yapo Arusha, Mwanza na Dar es Salaam. Mradi mkubwa unaendelea kuboresha muonekano wa majengo ya matawi yetu, kwa faida ya wafanyakazi wetu na wateja, ambapo matawi yetu 100 yatafanyiwa maboresho.

Tumeendelea kuboresha njia za huduma zinazomwezesha mteja kujihudumia mwenyewe. NMB ilikuwa na ATM 485 ilipofika mwishoni mwa mwaka.

Mwaka 2013 tulifikia makubaliano na kampuni ya simu za mkononi ya Vodacom, kuruhusu wateja wa NMB wanaotumia huduma ya simu kufanya miamala ya kutoa na kuweka fedha moja kwa moja kwenye M-Pesa. Hatua hii ilipanua kwa kiasi kikubwa mtandao wa NMB kwa kuwa na sehemu 40,000 zaidi za kuweka na kutoa fedha zinazoendeshwa na mawakala wa M-Pesa. Wateja wengi wanatumia huduma hii, na hivyo inachangia sana kwenye mapato ya benki yanayotokana na ada mbalimbali na kamisheni. Mpango kama huo uko mbioni ili kushirikiana na kampuni nyingine ya huduma za simu za mkononi ya Tigo.

Kwa upande mwingine, tasnia ya benki inaendelea kukabiliwa na changamoto, kutokana na kukosekana

initiatives resulted in strong interest income growth. There was an increase in interest expenses partially on the back of two large funding deals from Nederlandse Financieringsmaatschappij voor Ontwikkelingslanden N.V. (FMO) and European Investment Bank (EIB) respectively. Both facilities allowed NMB to improve the tenor mismatch between assets and liabilities, with the increased funding cost for longer term funding deemed appropriate despite the bank's otherwise significant excess liquidity.

On the foreign exchange side, revenues were somewhat disappointing despite strong growth in customer foreign exchange volumes. This is largely as a result of lower market volatility and increased regulatory oversight. The growth of customer foreign exchange volumes is also as a result of joint efforts with the Wholesale Banking teams to achieve more balanced customer relationships by enhancing payments, collections, trade finance and foreign exchange flows. Also we are seeing good opportunities for Retail foreign exchange, which is coming off a very low base. A new Treasury Management System has been procured and is in the final User Acceptance Testing phase before being fully implemented in early 2014.

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

kwa ushindani ulio sawa kati ya mabanki na makampuni ya simu, ambapo wateja wa benki wanabanwa zaidi na mahitaji ya Mjue Mteja Wako (KYC) na Sheria ya Fedha Haramu (AML) kuliko wale wa makampuni ya simu.

- Kitengo chetu cha Hazina** kinajumuisha masoko ya fedha za Tanzania (TZS) na biashara ya fedha za kigeni. Shughuli za masoko ya fedha zimenufaika na kukua kwa amana ambazo kwa kiasi fulani ziliwekezwa kwenye dhamana. Kuongezeka kwa biashara, kuongezeka kwa mikopo ya muda mfupi na muda mrefu na hatua za kuziba pengo kati ya fedha zilizopo na zinazohitajika kulipelekea kukua kwa mapato ya benki yatoanayo na riba. Kulikuwa na ongezeko katika gharama za kulipia riba kutokana na mikopo mikubwa miwili kutoka Nederlandse Financieringsmaatschappij voor Ontwikkelingslanden N.V. (FMO) na European Investment Bank (EIB). Mikopo yote hii miwili imeiwezesha NMB kuboresha mizania yake na hasa uwiano kati ya rasilimali na madeni.
- Kwa upande wa biashara ya fedha za kigeni, mapato hayakuwa ya kuridhisha licha ya kuongezeka kwa ubadilishaji wa fedha za kigeni uliofanywa na wateja. Hii ilisababishwa zaidi na mabadiliko madogo ya bei katika soko na udhibiti mkali wa bei kwenye soko la fedha za kigeni. Ongezeko la ubadilishaji fedha uliofanywa na wateja pia ni matokeo ya juhudi za pamoja za timu ya Hazina na ile ya Biashara ya Jumla kuboresha uwiano wa mahusiano na wateja kwa kuimarisha mtiririko wa malipo, makusanyo, biashara ya fedha na fedha za kigeni. Pia tunaona fursa nzuri kwa biashara ya reja

Table III: new branches opened / Jedwali III: matawi mapya yaliyofunguliwa

NEW BRANCHES OPENED/MATAWI MAPYA YALIYOFUNGULIWA	2011	2012	2013
Number of branches at start of the year	139	142	147
Namba ya matawi mwanzoni mwa mwaka			
Branches opened			
PPF - Mwanza	1		
Nanyumbu Mtwara	1		
Arusha Palace Business Centre	1		
Mbezi - Dar es Salaam		1	
Maktaba - Dar es Salaam		1	
Tegeta - Dar es Salaam		1	
UDOM - Dodoma		1	
Kurasini - Dar es Salaam		1	
Congo Street - Dar es Salaam			1
Himo - Kilimanjaro			1
Buzuruga - Mwanza			1
Ubungo - Dar es Salaam			1
USA River - Arusha			1
Sinza - Dar es Salaam			1
Total opened during the year	3	5	6
Jumla ya matawi yaliyofunguliwa kwa mwaka			
Number of branches at the end of the year	142	147	153
Namba ya matawi mwishoni mwa mwaka			

- In late 2011 NMB migrated to a new state of the art Core Banking System (CBS). The CBS is showing solid performance, processing close to 5 million transactions per month. The CBS has remained stable in 2013 with no major incidents impacting our customers. Efforts are underway to continually upgrade the operating environment, including by way of Straight Through Processing, further improving the ratio of electronic to manually initiated transactions.
- Ancillary applications to support ATM network, NMB Mobile, MNO integration solutions or otherwise have also generally shown good and improving uptimes.
- Fraud risks, including ATM card skimming, have remained limited thanks to adequate preventive measures and strong follow up in cooperation with the judicial authorities.
- A new project is underway to ensure the ICT environment is further upgraded, not only in terms of hardware and software, but also in terms of governance standards and other best practices. This is a necessity in light of the expected continued investments in upgraded or new electronic and self service solutions to be developed for our customers, including large corporate or institutional customers.
- Our **Human Resources** team is tasked to ensure we have the right people in the right jobs, at head office and over 153 branches.
- In the course of 2013 we continued in our efforts to improve the working environment for our close to 2,850 staff members. Staff engagement, direct, through union representatives, through our Employee Opinion survey, or otherwise yielded new opportunities to that effect. A number of initiatives, including further strengthening of performance management, new training and certification programmes, review of rewards and benefits, medical coverage and staff welfare programmes contributed to the further improvement of the work environment. The ongoing branch refurbishment programme is also designed to upgrade our employees work space.
- Our **Finance** division is tasked to produce reliable financials for accounting and reporting purposes, but also to provide the various divisions with the required numbers they can use in driving their businesses.
- In the course of 2013 the finance team was recognised by the National Board of Accountants and Auditors (NBAA) for the Best Presented Financial Statements by a financial institution in Tanzania. And once again, NMB was recognised by Tanzania Revenue Authority (TRA) as one of the largest and most compliant tax payers. Efforts are underway to continue improving the bank's Management Information Systems (MIS) in support of the various business divisions strategies.

- reja ya fedha za kigeni, inayokua kutoka kwenye msingi mdogo.
- Mfumo mpya wa kusimamia Hazina umenunuliwa na uko kwenye hatua za mwisho za majaribio ya kukubaliwa na mtumiaji kabla haujaanza kutumika rasmi mapema mwaka 2014.
 - **Kitengo chetu cha TEHAMA** na Operesheni kimepewa jukumu la kujenga na kuendesha miundombinu ya kuchakata miamala yote ya wateja kupitia makao makuu na kwenye matawi.
 - Mwishoni mwa mwaka 2011, NMB ilianza kutumia mfumo wa kisasa wa uendesaji wa benki kwa kutumia kompyuta. Mfumo huu ni thabiti na unachakata miamala takriban milioni 5 kwa mwezi. Mfumo huu ulifanya kazi vizuri mwaka 2013 bila matukio yoyote makubwa ambayo yangukuwa na athari kwa wateja. Juhudi zinafanywa kuendelea kuboresha mazingira ya utendaji, ikiwemo kutumia utaratibu wa moja kwa moja unaojulikana kama "Straight Through Processing", na hivyo kuboresha uwiano kati ya miamala ya kielektroniki na ile isiyotumia mashine.
 - Vifaa vya ziada kwa ajili ya kusaidia utendaji wa mtandao wa ATM, "NMB Mobile" na muingiliano wa mfumo ya benki na ile ya makampuni ya simu za mkononi kwa ujumla vimeonesha kuboresha utendaji.
 - Vitendo vya uhalifu, ikiwemo wizi wa taarifa kutoka kwenye kadi za ATM, vimehibitiwa kutokana na hatua za kutosha za kinga na ufuatiliaji wa karibu unaofanywa kwa kushirikiana na vyombo vya sheria.
 - Kuna mradi mpya unaolenga kuboreshwa zaidi kwa mazingira ya TEHAMA, siyo tu kwa mashine na programu, lakini pia kwa viwango vya utawala bora na utendaji bora. Hii ni muhimu kwa sababu tunategemea kuendelea kuwekeza katika uboreshaji au uwekaji wa mifumo mipya ya kielektroniki na mifumo inayomwezesha mteja kujihudumia mwenyewe, itakayowekwa kwa ajili ya wateja wetu, yakiwemo makampuni makubwa na taasisi.
 - Timu yetu ya **Rasilimali watu** imepewa jukumu la kuhakikisha kwamba nafasi za kazi zinajazwa na wale tu wenye sifa za kufanya kazi hizo iwe makao makuu au kwenye matawi yote 153.
 - Mwaka 2013 tuliendelea na juhudi zetu za kuboresha mazingira ya kazi kwa wafanyakazi wetu wanaofikia 2,850. Mahusiano na wafanyakazi, moja kwa moja au kwa kupitia uwakilishi wa vyama vya wafanyakazi, kupitia utafiti wa kupata Maoni ya Wafanyakazi, na namna nyingine, kulileta fursa zilizosaidia kuboresha mazingira ya kazi. Hatua mbalimbali zikiwemo kuimarisha jinsi ya Kupima Utendaji (Performance Management), programu za mafunzo kupitia upya taratibu za utoaji marupurupu ya ziada na stahili, matibabu na programu za ustawi wa wafanyakazi zilichangia kuboresha zaidi mazingira ya kazi. Programu

- The **Risk** function provides independent oversight and control on the bank's operational, credit, market, compliance and other risks.

At the most visible levels our conservative risk standards have translated into continued low NPL levels as well as high NPL coverage ratios. But behind these numbers lie a series of significant initiatives to keep improving the entire risk management environment. On the resourcing side we have strengthened our Market risk team and created a Special Asset Management (SAM) team.

On the loan management side, we are developing new credit scoring practices, and improving our efficiency by way of a central loan processing unit. AML and KYC remain centre stage and we are well underway to achieve full compliance to new and increased KYC standards promulgated by GoT, supported by new AML systems designed to improve detection of suspicious transactions. At the highest level, the bank has embarked on a multi-year Enterprise Risk Management (ERM) project to fully embed risk awareness and management as a core competency at all levels in the organisation.

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

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

IA function went through an external quality assessment by an independent and qualified assessor who suggested that AI function performs audits in line with Institute of Internal Auditors (IIA) standards.

Outlook

The economy is expected to remain buoyant in 2014, with growth remaining in the 7% p.a. bracket. Strong private consumption is a key driver to the economy, but remains dependent on possible adverse developments in agriculture and food prices.

In line with reducing inflation, there is a growing possibility of somewhat looser monetary policy in 2014, though possible resulting pressure on the TZS exchange rate may temper this. Also, opening of the capital account within the East African Community may start having an impact on interest rates in future.

inayoendelea ya kukarabati majengo ya matawi pia itasaidia kuboresha sehemu ambapo waajiriwa wetu wanafanyia kazi.

- **Kitengo chetu cha Fedha** kimepewa jukumu la kutengeneza taarifa sahihi za kifedha kwa ajili ya kutayarisha hesabu ya kahasibu na kutoa taarifa, pia kwa ajili ya kusaidia idara nyingine kupata taarifa ambazo zitawasaidia kufanya kazi zao.

Mwaka 2013 kitengo cha fedha kilitambuliwa na Bodi ya Taifa ya Wahasibu na Wakaguzi (NBAA) kwa kutayarisha Taarifa za Fedha zilizoandikwa vizuri zaidi na taasisi ya kifedha nchini. Kwa mara nyingine tena, NMB ilitambuliwa na Mamlaka ya Mapato nchini (TRA) kama mmoja wa walipakodi wakubwa na bora. Jitihada zinafanywa kuendelea kuboresha mfumo wa kusimamia taarifa (MIS) ambayo inasaidia mikakati ya kibiashara ya vitengo mbalimbali.

- Kitengo cha **Udhibiti wa Athari** (Risk) kinafanya usimamizi na udhibiti wa kujitegemea kuzuia mazingira yanayoweza kusababisha hasara kwa shughuli za utendaji kibenki kwenye mikopo, masoko, uzingatiaji wa sheria na hatari nyingine. Sera zetu thabiti za kukabili athari zimepelekea kuwepo kwa kiwango kidogo cha mikopo chechefu na uwiano mkubwa zaidi kwa uwezo wa benki kukabiliana na mikopo isiyolipika. Lakini nyuma ya namba hizi kumekuwa na mikakati kabambe ya kuendelea kuboresha mazingira ya kudhibiti athari.

Pia tumeimarisha timu yetu ya kudhibiti athari katika soko, na kuunda timu maalumu ya kusimamia mikopo inayohitaji usimamizi maalumu (SAM). Katika kusimamia mikopo, tunategeneza vigezo vipya, na kuboresha ufanisi wetu kwa kuwa na kitengo kikuu cha kushughulikia mikopo (central loan processing unit). Udhibiti wa Fedha Haramu (AML) na Mjue Mteja Wako (KYC) yamebakia kuwa maeneo yanayotazamwa sana na tunaelekea kuvifikia viwango vipya vya KYC vilivyoweka na Serikali. Hii inasaidiwa pia na mifumo yetu mipya ya AML iliyobuniwa kuboresha jinsi ya kutambua miamala inayotia shaka. Benki imeingia kwenye mradi wa miaka mingi unaojulikana kama Enterprise Risk Management (ERM) ili kulifanya suala la udhibiti wa hasara kama suala la lazima kiutendaji kwenye maeneo yote ya benki.

- Kitengo cha **Ukaguzi wa Ndani** (IA) kinaripoti kwa Bodi ya Wakurugenzi kupitia Kamati ya Bodi ya Ukaguzi na Usimamizi (BARCC) na kinatoa uhakika na ushauri kwa wakurugenzi na menejimenti kuhusiana na uwezo wa benki kudhibiti michakato inayoweza kuleta hatari, michakato ya udhibiti na utawala.

- Kufuatana na mpango wa mwaka wa ukaguzi, IA inafanya ukaguzi wa maeneo muhimu katika operesheni za benki kwenye matawi na makao makuu, na inatoa mapendekezo kuboresha michakato ya udhibiti wa athari, udhibiti na tawala. Maeneo yote ambayo kaguzi mbalimbali zimeonyesha yanahitaji maboresho yanafuatiliwa na IA ili kuhakikisha yanaboreshwa katika muda unaotakiwa.

Strong economic growth rates usually translate in attractive growth rates for the country's leading banks, including NMB. Key dependencies that may have an impact on NMB in the course of 2014 may include:

- The endowment effect of possible downward adjustment in interest rates, which could have an adverse impact on the bank's interest income
- Price volatility on some key commodities including gold and crude oil, and key agricultural commodities such as tobacco, cashew that have a direct impact on the Tanzanian external position, and on NMB's key customer segments.
- The possible consequences of the United States Federal Reserve's "tapering" initiative, which already has had an impact on other countries with high dual current account and fiscal deficits.
- Increased competition from new banking entrants and Mobile Network Operators, both at the top and at the bottom of the banking markets.
- The risks associated with customer segments or products that are an inherent part of our business, including from loan portfolio deterioration, operational and fraud risks or otherwise.

Based on NMB's strong financial position and results, and based on its broad mix of wholesale, SME, agriculture and personal banking customers, supported by appropriate "bricks and mortar" and alternative distribution channels, powered by a strong technology platform, the bank is well positioned to take advantage of the opportunities in the growing Tanzanian market and should be able to withstand possible adverse developments.

Barring unforeseen circumstances, we are therefore looking forward to the future with confidence.



Mark Wiessing
CEO

Matarajio

Uchumi unategemewa kuendelea kukua vizuri mwaka 2014, ukuaji ukibakia ndani ya asilimia 7 kwa mwaka. Matumizi makubwa binafsi ndiyo yatakayoendesha uchumi, iwapo hakutakuwa na maendeleo hasi kwenye kilimo na bei za chakula.

Sambamba na kupungua kwa mfumuko wa bei, kuna uwezekano mkubwa wa kulegezwa kwa sera ya fedha mwaka 2014, ingawa shinikizo linaloweza kutokea kwenye kiwango cha kubadilisha TZS kunaweza kuathiri hili. Pia, ufunguzi wa akaunti za Mitaji (capital account) ndani ya Jumuiya ya Afrika Mashariki unaweza kuanza kuwa na athari kwa viwango vya riba katika siku zijazo.

Viwango vya juu vya ukuaji wa uchumi pia hupelekea viwango vizuri vya ukuaji kwa mabanki makubwa nchini, ikiwemo NMB.

Vitegemezi muhimu ambavyo vitakuwa na athari kwa NMB katika mwaka 2014 vinajumuisha:

- Utamaduni tarajiwa wa kuendelea kupunguza viwango vya riba, ambayo ina madhara hasi kwenye mapato ya benki yanayotokana na riba.
- Kuyumba kwa bei za bidhaa muhimu kama dhahabu na mafuta ghafi na mazao muhimu ya kilimo kama tumbaku, korosho ambayo itaathiri moja kwa moja nafasi ya Tanzania katika biashara ya nje na kwa makundi muhimu ya wateja wa NMB
- Athari zinazotarajiwa kutokana na mpango wa Benki Kuu ya Marekani (Federal Reserve) unaojulikana kama "tapering" ambao tayari umeshakuwa na athari kwa nchi nyingine ukisababisha nakisi kubwa ya bajeti na pengo kubwa katika pato la nchi.
- Kuongezeka kwa ushindani kutoka kwa benki mpya zinazoanzishwa na makampuni yanayofanya kazi za fedha kama vile usafirishaji wa fedha kwa njia ya mtandao unofanywa na makampuni ya simu.
- Athari zinazohusiana na makundi ya wateja au bidhaa ambazo ni sehemu ya asili ya biashara yetu, ikiwemo kudorora kwa vitabu vya mikopo, hatari kwenye operesheni za benki na udanganyifu

Kufuatia hali imara ya kifedha ya NMB na kutokana na mchanganyiko wake mpana wa biashara ya jumla, SME, kilimo na wateja binafsi, ikisaidiwa na matawi na njia mbadala za kutolea huduma, zikiendeshwa na mfumo imara wa teknolojia, benki iko kaika nafasi nzuri kunufaika na fursa kwenye soko linalokua la Tanzania na itaweza kustahimili matukio hasi yasiyotarajiwa.

Pamoja na mazingira yasiyotarajiwa, tunautazama mustakabali wetu kwa kujiamini.



Mark Wiessing
Mtendaji Mkuu



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.

NMB tunaamini katika kufuata 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 ya msingi ili kuwa na utawala bora na utendaji mzuri katika taasisi yoyote.

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



The Board of Directors

■ Functions

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

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

■ Composition

In 2013 the Board of Directors was made up of eight non-executive directors with a mix of skills, experience and diversity. Currently, there is one vacancy on the Board of Directors.

■ Appointment

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

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

■ Resignations

At the AGM held in June 2013, Directors William Mlaki and Margaret Ikongo tendered their resignations to the Board after completing their terms. They were both re-appointed as directors for a further three year term.

■ Board meetings

The Board meets quarterly, with additional meetings convened as and when necessary.

During 2013, the Board and its committees met to discuss and decide on the business activities. The Board Committees act on behalf of the Board to direct the bank effectively and accelerate the decision-making process. The four Board

Bodi ya Wakurugenzi

■ Majukumu

Bodi ina jukumu la kusimamia na inawajibika kuwa na utawala bora wenye ufanisi kwa kutoa uongozo na uthibiti wa kampuni. Wakurugenzi wa Bodi wana jukumu la kuonyesha uongozi mahiri, uelewa wa kibiashara ya benki, uadilifu na kutoa maamuzi kwa msingi wa uwazi, haki na uwajibikaji. Bodi ina majukumu ya kuchagua uongozi, kuweka mkakati wa kiuongozi wa biashara, sera, taratibu na mipango ya ufuatiliaji wa utendaji, ikiwa ni pamoja na kutambua athari zinazoikabili benki. Bodi pia ina jukumu la kusimamia mahusiano mazuri na Wadau wote wa benki.

■ Wajumbe

Mwaka 2013 Bodi ya Wakurugenzi ilikuwa na Wakurugenzi nane wasio watendaji wote wakiwa na ujuzi na uelewa wa mambo mbalimbali. Kwa sasa kuna nafasi moja kwenye Bodi ya Wakurugenzi.

■ Uteuzi

Uteuzi wa Wakurugenzi wa Bodi ya NMB unaongozwa na sheria ya benki (Memorandum and Articles of Association) na miongozo inayotolewa na Benki Kuu ya Tanzania na Mamlaka ya Masoko ya Mitaji na Dhamana Tanzania kulingana na sheria ya Benki na Taasisi za Fedha ya mwaka 2006 na sheria ya Soko la Mitaji na Dhamana ya mwaka 1994. Wanahisa walio na hisa zaidi ya asilimia 10 wanaruhusiwa kuchagua mkurugenzi mmoja kwa kila asilimia 10 ya hisa wanazozimiliki. Majina yanawakilishwa kwenye Mkutano Mkuu wa Mwaka wa Wanahisa kwa kupitishwa. Uteuzi wao huwasilishwa Benki Kuu ya Tanzania ili kupata kibali.

Wakurugenzi wote wasio watendaji wanatakiwa kustaafu kwa mzunguko na kuchaguliwa tena na wanahisa kwa vipindi kulingana na muongozo na sheria za Benki. Mzunguko huu ni muhimu ili kuhakikisha muendelezo wa kumbukumbu ya kitaasisi na kuleta ujuzi na uzoefu mpya. Miaka ya kuwa Mkurugenzi haina kikomo. Sheria za Makampuni ya mwaka 2002 inahitaji mkurugenzi astaafu akiwa na miaka 70 ila sheria inaruhusu pia mkurugenzi huyo kuchaguliwa tena.

■ Kujiuzulu

Kwenye Mkutano Mkuu wa Mwaka ulofanyika Juni 2013, Wakurugenzi William Mlaki na Margaret Ikongo waliwasilisha hoja ya kujiuzulu kwenye Bodi baada ya kumaliza muda wao. Wote wawili waliteuliwa tena kuwa Wakurugenzi kwa kipindi cha miaka mitatu mingine.

■ Vikao vya Bodi

Bodi inakutana kila baada ya miezi mitatu na vikao vingine vinaitishwa ikilazimu. Mwaka 2013 Bodi na kamati zake zilikutana kujadili na kuamua maswala na shughuli za kibiashara. Kamati za Bodi zinatenda kwa niaba ya Bodi

committees are: the Board Executive Committee (BEC), the Board Audit, Risk and Compliance Committee (BARCC), the Board Human Resources and Remuneration Committee (BHRC) and the Board Credit Committee (BCC).

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

- Board of Directors (6)
- Board Executive Committee (6)
- Board Audit Risk and Compliance Committee (4)
- Board Human Resources and Remuneration Committee(5)
- Board Credit Committee (14)

Members of the Board and respective committees as at 31st December 2013 are shown in the table below:

S/No.	Name Jina	Main Board Bodi Kuu	BEC ¹ Kamati ya Utendaji	BARCC ² Kamati ya Ukaguzi, Athari na Utilifu	BCC ³ Kamati ya Mikopo	BHRC ⁴ Kamati ya Rasilimali Watu na Maslahi
1.	Joseph Semboja	Chairman Mwenyekiti	Chairman Mwenyekiti			
2.	Anne Mbughuni	Member Mjumbe		Member Mjumbe	Member Mjumbe	
3.	Albert Jonkergouw	Member Mjumbe	Member Mjumbe		Member Mjumbe	Member Mjumbe
4.	Jos van Lange	Member Mjumbe		Chairman Mwenyekiti		
5.	Mike Laiser	Member Mjumbe	Member Mjumbe	Member Mjumbe		Chairman Mwenyekiti
6.	Protase Tehingisa	Member Mjumbe			Member Mjumbe	Member Mjumbe
7.	Margaret Ikongo	Member Mjumbe				Member Mjumbe
8.	William Mlaki	Member Mjumbe		Member Mjumbe	Chairman Mwenyekiti	

¹ BEC (Board Executive Committee)

² BARCC (Board Audit, Risk and Compliance Committee)

³ BCC (Board Credit Committee)

⁴ BHR&RC (Board Human Resources and Remuneration Committee)

kuelekeza benki kwa usahihi na kuchochea mchakato wa kufanya maamuzi. Kamati nne za Bodi ni: Kamati ya Wakurugenzi, Kamati ya Ukaguzi, Athari na Utilifu, Kamati ya Rasilimali Watu na Maslahi na Kamati ya Mikopo.

Namba ya vikao vilivyofanyika mwaka uliopita vinaonekana kwenye mabano:

- Bodi ya Wakurugenzi (6)
- Kamati ya Utendaji (6)
- Kamati ya Ukaguzi, Athari na Utilifu (4)
- Kamati ya Rasilimali Watu na Maslahi (5)
- Kamati ya Mikopo (14)

Wajumbe wa Bodi ya Wakurugenzi na kamati husika kufikia tarehe 31 Disemba 2013 ilikuwa kama inavyoonyeshwa kwenye jedwali hapa chini:

■ Directors Evaluation

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

■ Relationship with Auditors

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

Board Committees

■ Board Executive Committee

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

■ Board Audit, Risk and Compliance Committee

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

■ Board Human Resources & Remuneration Committee

The primary function of the Committee is to assist the Board of Directors in fulfilling its oversight responsibility to shareholders by ensuring that there are appropriate Human Resources policies and strategies that provide the Company with the capability to achieve its short and long term business objectives. This includes recruiting high calibre talent, training, developing employees and maintaining a high performance culture and employee engagement that will drive organization success.

■ Board Credit Committee

The Committee assists the full Board and provides oversight in the management of credit risk by reviewing continuously the credit portfolio, credit standards and Credit Policy and approving individual credit facilities where in excess of limits delegated to management.

■ Tathmini ya Wakurugenzi

Bodi mara kwa mara inafanya tathmini ya utendaji wake kwa kumtumia mtaalamu huru ili kuboresha uongozi ndani ya bodi na kamati zake.

■ Mahusiano na Wakaguzi

Kamati ya Bodi ya Ukaguzi, Athari na Utilifu na Bodi nzima walifanya vikao na wakaguzi wa nje kujadili maswala ya ukaguzi, majukumu yao na mambo mengine yaliyojitokeza kwa mwaka uliokaguliwa.

Kamati za Bodi

■ Kamati ya Utendaji

Kamati hii husaidia Bodi katika kutekeleza majukumu yake kulingana na sheria ya Kampuni. Kamati hii ina mamlaka ya kusimamia biashara na masuala mengine ya Kampuni katika kipindi ambapo mikutano ya Bodi haijapangwa kupangwa kufanyika lakini maamuzi ya Bodi yanahitajika sana kufanyika.

■ Kamati ya Ukaguzi, Athari na Utilifu

Kamati hii husaidia Bodi katika kutekeleza jukumu lake kuhusiana na usahihi wa taarifa za hesabu za benki na mfumo wa utoaji taarifa hizo mifumo ya utunzaji hesabu na uthibiti wa fedha, utoaji taarifa za mwaka za ukaguzi wa hesabu, utoaji taarifa ya uthibiti wa hesabu wa ndani, matokeo ya kazi ya ukaguzi wa ndani, tahadhari na utimilifu, utimilifu wa kisheria na matakwa, utimilifu wa usimamizi wa majukumu ya tahadhari, na uangalizi wa mipango na taratibu za ukaguzi ili kujua kama hesabu za benki na utaratibu wa kuruhusu utoaji taarifa hizo ni kamilifu na sahihi na unaendana na viwango vya kimataifa vya utoaji wa taarifa za hesabu kulingana na sheria, miongozo na taratibu husika.

■ Kamati ya Bodi ya Rasilimali Watu na Mafao

Kazi ya msingi ya kamati hii ni kusaidia Bodi ya Wakurugenzi katika kutimiza usimamizi wa majukumu yake kwa wanahisa na kuhakikisha kwamba kuna usahihi wa mikakati ya rasilimali watu ambayo itaipatia Kampuni uwezo wa kuyafikia malengo ya kibiashara ya muda mfupi na muda mrefu. Hii ni pamoja na kuwapatia uwezo mkubwa wafanyakazi, kutoa mafunzo kwa wafanyakazi, kuwaendeleza wafanyakazi kitaaluma na kudumisha utamaduni na kushiriki katika kuleta mafanikio ya kampuni.

■ Kamati ya Mikopo

Kamati hii husaidia Bodi kutoa uangalizi katika kusimamia ubora wa mikopo kwa kutathmini kila wakati jumla ya mikopo yote, hadhi ya mikopo na sera ya mikopo na kuidhinisha mikopo ambayo imezidi kiwango kilichopangiwa kuidhinishwa na menejimenti.

■ Company Secretary

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

■ Communication with shareholders

The company recognizes that effective communication with stakeholders is essential to good governance. Following the publication of its financial results, it engages with investors to present the results and answer questions accordingly. Shareholders are encouraged to attend the annual general meeting to be held on Saturday, 7th June 2014 at Julius Nyerere Convention Centre, Dar es Salaam and participate in the affairs of the company.

■ Katibu wa Kampuni

Katibu wa Kampuni ni Bi. Lilian Komwihangiro na kazi yake ni kuishauri Bodi katika maswala yanayohusu utawala bora na uadilifu. Pia ana jukumu la kutoa mafunzo kwa Wakurugenzi wapya na kuwajulisha wajumbe wa Bodi mabadiliko ya kisheria na kanuni za utawala bora.

■ Mawasiliano na wanahisa

Kampuni inatambua kuwa mawasiliano na wadau ni muhimu katika utawala bora. Kufuatia kutolewa kwa taarifa ya matokeo ya kifedha, kampuni huwasiliana na wawekezaji na kujibu maswali yote yanayoulizwa. Wanahisa wanashauriwa kuhudhuria Mkutano Mkuu wa Mwaka utakaofanyika Jumamosi tarehe 7 Juni 2014 katika ukumbi wa Julius Nyerere Convention Centre, Dar es Salaam.

9 Sustainability and Social Responsibility | Uendelevu na Wajibu kwa Jamii



NMB places great importance to support communities in the country and aims at making positive contribution to the society not only by providing banking services to customers but also giving back to the community. We extend our giving arm in three focus areas – financial literacy, support for schools, health and disaster recovery.

NMB imedhamiria mchango kwa jamii sio tu katika huduma za kibenki kwa wateja bali pia kutoa sehemu ya mafanikio yetu ili kuisadia jamii katika maeneo makuu matatu - kutoa elimu kuhusu huduma za kifedha, kuchangia katika sekta ya Afya, misaada mashuleni na mchango kwenye matukio ya maafa.

Economic Impact

Throughout the years, we have devoted our resources and efforts to provide financial services to unbanked and under banked communities in Tanzania.

At NMB, we understand that people need to have access to affordable, and customer-focused financial services for both individual and national development.

The economic impact of providing access to financial services in a market like Tanzania with low formal financial inclusion is often measured against factors among them rural outreach, access to finance to the agricultural sector, support for micro and small enterprises, access to efficient payment services and finally financial literacy program.

NMB plays a leading role in providing access to financial services, when measured against these five factors.

1. Rural Outreach

Approximately 65% of NMB branches are located in rural areas. This proves that we are committed to taking our services closer to the country's rural populations. NMB is proud to be a leader, with our distribution being listed as below:

- 137 branches out of 153 are located in rural areas (about 65%)
- 359 ATMs out of 485 ATMs are in rural areas (more than 80%)
- Our mobile payment services integration with Mobile Network Operators (MNOs) like Vodacom and Tigo offer our customers access to some 50,000 cash-in/cash-out points nationwide, even in the most remote areas.

With that reach of services, NMB has proved to be the answer to bank customers in rural areas. Close to 1,500,000 of NMB individual customers are in rural areas, enjoying the within reach services.

2. Access to finance to the agricultural sector:

Farmers constitute to more than 80 per cent of the Tanzanian population, hence making them the backbone of the nation's economy. That is why through our relationships with hundreds of AMCOs, we are supporting farmers.

We have managed to reach out to several hundred thousand individual farmers and their households, each farming small plots (usually not more than two acres) of cashew nuts, tobacco, coffee, or other cash or substance crops.

Further, NMB Foundation for Agricultural Development (NFAD) provides training programs to NMB's AMCO customers, with a focus on financial literacy, marketing and loan administration, governance and farming practices. NFAD has an annual budget of Tsh525 million and trained

Mabadiliko ya uchumi

Kwa miaka mingi tumewekeza rasilimali na juhudi zetu katika kutoa huduma za kifedha kwa Watanzania ambao hawatumii huduma za kibenki na wale ambao wanatumia huduma hizo kwa kiwango kidogo.

NMB, tunaamini kwamba watu wanahitaji kupata huduma za kifedha zenye gharama nafuu na zinazolenga mahitaji yao kwa ajili ya maendeleo yao na ya taifa.

Faida za kiuchumi zinazotokana na upatikanaji wa huduma za kifedha kwenye soko kama la Tanzania ambalo ushiriki wa wananchi kwenye shughuli za kibenki mara nyingi hupimwa kwa vigezo kama upatikanaji huduma za kibenki vijijini, utoaji mikopo kwa sekta ya kilimo, msaada kwa asasi za kifedha ndogo ndogo na za kati, upatikanaji wa huduma nzuri za malipo na programu za elimu ya fedha.

NMB inaongoza katika jukumu la upatikanaji wa huduma za kifedha, ikipimwa kwa vigezo hivi vitano.

1. Huduma Vijijini

Takriban 65% ya matawi ya NMB yako katika maeneo ya vijijini. Hii inathibitisha kwamba tuna nia ya kupeleka huduma zetu karibu na wakazi wa maeneo ya vijijini. NMB inajisikia fahari kuwa kiongozi katika sekta hii, na mtandao wetu ni kama ilivyo hapa chini:

- Matawi 137 kati ya 153 yako maeneo ya vijijini (takriban asilimia 65)
- ATM 359 kati ya 485 ziko maeneo ya vijijini (80%)
- Mfumo wetu wa malipo uliungamanishwa na Makampuni ya Simu za Mikononi kama Vodacom na Tigo unawawezesha wateja wetu kupata huduma kutoka kwa mawakala wa malipo zaidi ya 50,000, hata kwenye maeneo yasiyofikika kwa urahisi.

Kwa mtandao huu wa kutoa huduma, NMB imethibitisha kwamba ndiyo jibu kwa wateja wa benki katika maeneo ya vijijini. Wateja binafsi takriban 1,500,000 wako kwenye maeneo ya vijijini, wakifurahia huduma zinazopatikana karibu na maeneo waliopo.

2. Upatikanaji fedha kwa ajili ya sekta ya kilimo:

Wakulima ni zaidi ya asilimia 80 ya Watanzania wote, hivyo kuwafanya kuwa uti wa mgongo wa uchumi wa taifa. Sisi tunawasaidia wakulima, kwa kupitia uhusiano wetu na mamia ya vyama vya wakulima (AMCOS).

Tumeweza kuwafikia mamia ya wakulima mmoja mmoja na kaya zao, ambao wanalima mashamba madogo madogo (yasiyozidi ekari 2 kila moja) ya korosho, tumbaku, kahawa na mazao mengine ya biashara au chakula.

Zaidi ya hayo, Wakfu wa NMB kwa Maendeleo ya Kilimo (NFAD) unatoa mafunzo kwa wateja wa NMB ambao ni wanachama wa Amcos, ikilenga kwenye elimu ya masuala

some 448 AMCOs in 2013, including 2,262 AMCOs leaders and 5,823 AMCOs members.

3. Support for Micro and Small Enterprises

With a growing portfolio of some 60,000 micro and SMEs nationwide, NMB may well be the leading financier of emerging formal and informal businesses across Tanzania, with a total MSE-SME loan book of some Tsh342 billion. We are supported in that by FMO and EIB who provide funding facilities to extend term loans to these M-SME customers.

4. Access to efficient payment networks

Our range of payment services includes over-the-counter (OTC) payments at any of our branches, bill payments and cash withdrawals on any of our ATMs, a card-less remittance product for non-account holders who can withdraw cash at our ATMs without ATM card or bank account.

The integration with Vodacom's M-Pesa allow all our NMB Mobile enabled customers pay to any M-Pesa account and any M-Pesa customer to pay to any NMB account. NMB has launched the SAM integration system with Tigo Pesa in 2014.

5. Financial Literacy Programme

In 2012, NMB initiated a large financial literacy programme nationwide, with each of our branches adopting two to three schools in their vicinity. This is with a view to train school children on money matters. In 2013, our financial literacy programme focused on providing financial literacy training to MSE-SMEs through our Business Clubs.

Corporate Social Responsibility

Over the years, NMB has supported community development projects, focusing on areas like education (school desks and chairs) and health (hospital beds and sheets). We have also assisted in kind on the occasion of natural disasters such as floods.

In total, NMB spends some TZS 1 billion or 1% of its profits after tax on community projects. Although NMB receives many requests to support numerous community projects, the bank has historically focused its support on areas like education, health, assistance in kind on the occasion of natural disasters, while the CSR Committee having to decline many otherwise worthy projects that fall outside its immediate priorities.

a) Financial Literacy

For one to be financially fit, they have to develop a mind-set that encourages managing money wisely. Tanzania faces a big challenge in financial literacy; according to research conducted by Financial Sector Deepening Trust (FSDT), only 12% of the Tanzanian population has access to financial services. The small number of bank accounts in the country

ya kifedha, masoko na usimamizi wa mikopo, utawala na mbinu za kilimo.

NFAD ina bajeti ya TZS 525 milioni kwa mwaka na imetoa mafunzo kwa Amco 448 mwaka 2013, yaliyojumuisha viongozi 2,262 wa Amcos na wanachama 5,823.

3. Wajasiriamali Wadogo na wa Kati

Kwa kuhudumia sekta inayokua ya wajasiriamali wadogo na wa kati 60,000 nchini kote, NMB inaweza ikawa ndiyo asasi ya kifedha inayoongoza katika kusaidia sekta inayochomoza ya biashara rasmi na biashara zisizo rasmi nchini, ambapo kiasi cha mikopo kwa sekta hizi kimefikia TZS 342 bilioni. Tunashirikiana na FMO na EIB ambao wanatoa fedha kwa ajili ya kutoa mikopo ya muda mrefu kwa wateja wa kundi hili.

4. Mifumo ya malipo yenye ufanisi

Huduma zetu mbalimbali za malipo ni pamoja na malipo ya juu ya kaunta kwenye matawi yetu yote, malipo ya bili na kutoa fedha kwenye ATM zetu zote, uwezo wa kutoa fedha kwenye ATM bila kutumia kadi au kuwa na akaunti ya benki. Ushirikiano na mfumo wa M-Pesa wa Vodacom ambao unaruhusu wateja wetu wote wanaotumia huduma za NMB Mobile kulipa kupitia akaunti yoyote ya M-Pesa, na mteja yeyote wa M-Pesa kuweka fedha kwenye akaunti yoyote ya NMB. NMB ilizindua rasmi ushirikiano na mfumo wa Tigo Pesa mwanzoni mwa mwaka 2014.

5. Elimu ya Uelewa wa Masuala ya Kifedha

Mwaka 2012 NMB ilianzisha programu kubwa ya kutoa elimu ya mambo ya fedha nchini kote, ambapo kila moja ya matawi yetu "lilizichukua" shule 2-3 za jirani na kutoa elimu kwa wanafunzi kuhusu mambo ya fedha. Mwaka 2013 programu hii ilipanuliwa kutoa elimu hii pia kwa kundi la wajasiriamali wadogo na wa kati kupitia Klabu za Biashara.

Wajibu kwa Jamii

Kwa miaka mingi NMB imesaidia miradi ya maendeleo ya jamii, ikilenga kwenye maeneo kama elimu (madawati na viti) na afya (vitanda vya hospitali na mashuka). Tumetoa misaada pia wakati wa maafa kama mafuriko.

Kwa ujumla NMB inatumia shilingi bilioni 1 au 1% ya faida yake baada ya kulipa kodi kwa miradi ya kijamii. Pamoja na kwamba inapokea maombi mengi kwa ajili ya kusaidia miradi ya kijamii, benki kihistoria imejikita katika kusaidia miradi kwenye maeneo ya elimu, afya na kunapotokea maafa, ambapo kamati ya Wajibu kwa Jamii inalazimika kuacha maombi mengi yaliyolenga miradi iliyo nje ya maeneo haya ya kipaumbele.

a) Elimu kuhusu Huduma za Kifedha

NMB inatambua kwamba ili mtu aweze kuimarika kifedha, ni lazima ajenge mtazamo unaofaa kuhusu matumizi ya fedha. Moja ya changamoto kubwa nchini ni ya kiwango

has mostly been attributed to the low level of financial literacy amongst Tanzanians. To improve financial literacy among Tanzanians, NMB is doing the following:

- Educating NMB MSE-SME customers; Through the NMB Business Clubs, MSE-SME customers have been educated on matters relating to Business Plan writing, book keeping, financial planning, borrowing and other financial literacy areas as requested by Club members. In 2013, some 61 trainings were conducted whereas more than 6,500 individual M-SME customers were trained.
- Educating Farmers through Farmers Organisation (FOs); By December 31st, 2013, close to 448 FOs (PCs, AMCOs, Associations and Groups) had already been trained. NMB has 5,828 individual influential farmers in organizations. Some 2,284 board members of those organizations were trained in 2013, which represented over 77,893 members. These FOs represent farmers who deal with tobacco, coffee, cashew nuts, sesame, horticulture, paddy, honey, maize, sunflower, sugarcane, onions, dairy and grapes in Central, North, Highland, East, West, and Southern Zones.

NMB Foundation has continued to assist cooperatives to improve their governance, efficiency, and performance by providing training in the areas of good governance and administration; marketing and loan administration as well as financial literacy.

b) School support

A research done by UNICEF shows that most schools face extreme shortages in desks. NMB has been playing a role in provision of desks in primary schools across different regions in Tanzania in support of government efforts in combating this challenge. NMB supports requests benefiting public schools that seek to address the shortage of desks for students. Desks donated are manufactured in the country.

Moreover, NMB donates used computers to these schools. In 2013, more than 75 schools benefitted from these donations. For instance, a total of 650 desks were donated in Dar es Salaam, 255 in the Lake Zone (Geita and Mwanza), 227 in Northern Zone (Arusha and Same), 45 in Central (Dodoma), 180 Southern Zone (Mtwara and Lindi) and 425 going to Eastern Zone (Morogoro). An important objective is to reach a good geographical spread with these donations.

c) Health sector support

Essential hospital equipment continue to be inadequate in most of the public health facilities in Tanzania, with bed capacity being the main challenge. One of the areas that NMB's Corporate Social Responsibility (CSR) keenly focuses at is providing hospital beds and bed sheets to address this challenge; a budget of some Tsh180 million was allocated to support the health sector. A total of 19 hospitals benefited in 2013 with hospital beds and bed sheets worth over Tsh80 million. Simiyu, Njombe, and Geita Regions received 12 beds each, with Morogoro Region receiving 13, while Arusha Region received 18 beds.

kidogo cha uelewa kuhusu masuala ya kifedha. Kulingana na utafiti uliofanywa na Financial Sector Deepening Trust (FSDT) ni asilimia 12 tu ya Watanzania wenye uwezo wa kufikia na kutumia huduma za kibenki. Idadi hii ndogo ya akaunti katika mablenki inatokana na uelewa mdogo wa huduma za kibenki kwa Watanzania. NMB inafanya yafuatayo:

- Kuwaelimisha Wajasiriamali Wadogo na wa Kati; Kupitia Klabu za Biashara za NMB, wajasiriamali wa kati na wadogo wamepewa elimu juu ya masuala yanayohusu mipangilio ya biashara, utunzaji wa vitabu vya fedha, mipangilio ya fedha, kukopa na elimu katika maeneo mengine ya fedha kama yalivyoombwa na wanachama. Jumla ya semina 61 zilifanyika katika mwaka wa 2013 ambapo wateja binafsi 6,500 wa sekta hii walipewa mafunzo hayo.
- Kuwaelimisha Wakulima Kupitia Vikundi vya Wakulima; Mpaka kufikia 31 Disemba 2013 vikundi 448 vya wakulima (Vyama vya Ushirika vya Msingi, AMCOS, vyama na vikundi) vilikuwa vimepatiwa mafunzo. NMB ina jumla ya wakulima binafsi wenye ushawishi 5,828 katika vikundi mbali mbali. Wajumbe wa bodi za vikundi hivi 2,284 walishiriki mafunzo mwaka 2013, wakiwakilisha zaidi ya wanachama 77,893. Hivi vyama vilivyowakilishwa vinajumuisha wakulima wa tumbaku, kahawa, korosho, ufuta, ukulima wa maua, mpunga, asali, mahindi, alizeti, miwa, vitunguu, maziwa na zabibu kwenye kanda ya Kati, Kaskazini, Nyanda za Juu, Kanda ya Mashariki, Magharibi na Kusini.

NMB Foundation imeendelea kutoa mafunzo kwa vyama vya ushirika kuboresha utawala, ufanisi na utendaji ikilenga kwenye maeneo ya utawala bora na utawala; masoko na usimamizi wa mikopo na uelewa wa masuala ya kifedha.

b) Misaada Mashuleni

Utafiti uliofanywa na UNICEF unaonesha kwamba shule nyingi zina uhaba mkubwa wa madawati. NMB imekuwa ikiongoza kwa kutoa madawati kwenye shule za msingi katika mikoa mbalimbali nchini Tanzania kuunga mkono juhudi za serikali kukabili changamoto hii. NMB inatoa masaada kwa maombi ambayo yanafuata shule za umma kutatua tatizo la upungufu wa madawati kwa wanafunzi. Madawati yanayotolewa yametengenezwa hapa hapa nchini.

Aidha, NMB ilichangia kutoa kompyuta zilizokwisha tumika kwa shule hizi. Katika mwaka 2013, zaidi ya shule 75 zilifaidika na misaada hii. Kwa mfano, jumla ya madawati 650 yalitolewa Dar es Salaam, madawati 255 yalitolewa Kanda ya Ziwa (Geita na Mwanza), 227 Kanda ya Kaskazini (Arusha na Same), 45 yalitolewa Kanda ya Kati (Dodoma), 180 Kanda ya Kusini (Mtwara na Lindi) na 425 Kanda ya Mashariki (Morogoro). Lengo muhimu ni kufikia maeneo tofauti kijiografia katika kutoa misaada hii.

c) Kuchangia Katika Sekta ya Afya

Vifaa muhimu vya tiba vinaendelea kuwa haba kwenye vituo vingi vya kutolea huduma za afya nchini Tanzania, upungufu wa vitanda ukiwa ndiyo changamoto kubwa zaidi. Moja ya

d) Disaster recovery support

In 2013, our country was hit by several natural and man-made disasters, leaving thousands of people in need for both material and moral support.

In 2013, NMB extended a helping hand to the victims of disasters such as bombs blasts in Arusha, floods in Simanjiro Manyara and drought in Kishapu regions.

Environment

As part of its endeavors to remain a responsible corporate citizen, NMB also adopted a comprehensive Environmental and Social Policy guiding the bank's management and employees on risks and acceptable practices as also adopted by some leading international organizations. These standards and best practices also guide us in our credit decision-making processes.

NMB will continue to promote sustainable development of the communities in which the bank operates, not just for present, but for future generations.

maeneo ambayo NMB inalenga katika Wajibu kwa Jamii ni kutoa vitanda vya hospitali pamoja na mashuka. Jumla ya TZS 180 milioni zilitengwa kwa ajili ya kukabili changamoto hii. Jumla ya hospitali 19 zilinufaika mwaka 2013 kwa kupata vitanda na mashuka yenye thamani ya zaidi ya TZS 180 milioni. Mikoa ya Simiyu, Njombe na Geita ilipata vitanda 12 kila mkoa, ambapo Mkoa wa Morogoro ulipata vitanda 13, wakati Arusha ilipata vitanda 18.

d) Michango kwenye matukio ya maafa

Mwaka 2013 nchi yetu ilikumbwa na maafa mbalimbali ya asili ya mengine yaliyotokana na shughuli za binadamu, yakiacha maelfu ya watu wakihitaji msaada wa hali na mali. Mwaka 2013 NMB ilitoa mkono wa pole kwa wahanga wa maafa kama milipuko ya mabomu iliyotokea Arusha, mafuriko yaliyotokea Simanjiro, Manyara na ukame Kishapu.

Mazingira

Kama sehemu ya juhudi zake za kuwajibika, benki pia ilipitisha sera pana ya Mazingira na Jamii kuiongoza menejimenti na wafanyakazi kwenye masuala ya hatari na utendaji kazi unaokubalika ambazo pia zinatumiwa na baadhi mashirika makubwa ya kimataifa. Viwango hivi na utendaji bora pia vinatuongoza katika maamuzi yanayohusu mikopo.

NMB itaendelea kukuza maendeleo endelevu katika jamii ambako benki inafanya biashara, siyo kwa kipindi cha sasa tu, lakini pia kwa ajili ya vizazi vijavyo.

Report of the Directors | Taarifa ya Wakurugenzi

10

- The Directors submit their report together with the audited consolidated financial statements for the year ended 31 December 2013, which disclose the state of affairs of National Microfinance Bank Plc (the "Bank") and its subsidiaries, Upanga Joint Venture Company Limited and Ohio Street Properties Limited (together the 'Group').

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

2. INCORPORATION

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

3. VISION

To be the preferred financial services partner in Tanzania.

4. MISSION

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

5. PRINCIPAL ACTIVITIES

The Bank is engaged in taking customer deposit, providing of credit facilities and other commercial banking services and is licensed under the Banking and Financial Institution Act, 2006 under license number CBA 00032.

6. DIRECTORS

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

No. Name	Position	Year of Birth	Nationality	Qualification/ discipline	Date of appointment/ resignation
1 Prof. Joseph Semboja	Chairman	1951	Tanzanian	Economist	Appointed on 2 June 2012
2 Mike Laiser	Member	1949	Tanzanian	Enterprise Development Economist	Re-appointed on 2 June 2012
3 Margaret Ikongo	Member	1957	Tanzanian	Chartered Insurer	Re-appointed on 1 June 2013
4 William Mlaki	Member	1954	Tanzanian	Economist/Banker	Re-appointed on 1 June 2013
5 Jos van Lange	Member	1956	Dutch	Economist/Banker	Re-appointed on 2 June 2012
6 Albert Jonkergouw	Member	1958	Dutch	Auditor	Appointed on 28 May 2011
7 Protase Tehingisa	Member	1947	Tanzanian	Lawyer	Re-appointed on 2 June 2012
8 Anne Mbughuni	Member	1959	Tanzanian	Certified Public Accountant	Appointed on 2 June 2012

7. COMPANY SECRETARY

The Bank's secretary as at 31 December 2013 was Mrs. Lilian R. Komwihangiro.

8. CORPORATE GOVERNANCE

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

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

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

Board Executive Committee

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

Board Audit, Risk and Compliance Committee

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

Board Human Resources and Remuneration Committee

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

Board Credit Committee

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

During the year, there were 6 board meetings (1 of which was a special meeting). There were also 14 Board Credit Committee meetings, 0 Board Executive Committee meetings, 5 Board Human Resources and Remuneration Committee meetings (1 of which was a special meeting) and 4 Board Audit, Risk and Compliance Committee meetings.

9. REMUNERATION POLICIES

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

10. ACCOUNTING POLICIES

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

11. MANAGEMENT TEAM

The management of the Bank is led by the Chief Executive Officer assisted by the management team. The management of the Bank at the date of the report consists of:-

- Chief Executive officer; Mark Wiessing
- Chief Wholesale Banking Officer; Richard Makungwa
- Chief Financial Officer; Waziri Barnabas

- Chief Human Resources Officer; Charles Kazuka
- Chief Risk Officer; Tom Borghols
- Chief Information and Operations Officer; Pete Novat
- Chief Retail Banking Officer; and Arjan Molenkamp
- Treasurer. Aziz Chacha

12. INTERNAL AUDIT FUNCTION

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

13. CAPITAL STRUCTURE

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

Authorised

625,000,000 ordinary shares of TZS 40 each (2012: 625,000,000 ordinary shares of TZS 40 each).

Called up and fully paid

500,000,000 ordinary shares of TZS 40 each (2012: 500,000,000 ordinary shares of TZS 40 each).

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

14. SHAREHOLDERS OF THE BANK

The total number of shareholders during the year 2013 is estimated to be 19,950 (2012: 21,300) shareholders). None of the Directors is holding significant shares of the Bank. The following is a list of shareholders who individually owns 0.5% or more:

Name of the shareholder	%	2013 number of shares	2012 number of shares
Cooperatieve Centrale Raiffeisen - Boerenleenbank -			
B.A. "Rabobank Nederland" (Rabobank)	34.9	174,500,000	174,500,000
The Treasury Registrar	31.8	158,901,800	158,901,800
National Investment Company Limited (NICOL)	6.6	33,000,000	33,000,000
Exim Bank (Tanzania) Limited	4.6	22,975,904	22,975,904
Aunali F.Rajabali	2.3	11,588,882	11,588,882
Sajjad F.Rajabali	2.3	11,435,526	11,435,526
SCB (T) Nominees Limited	2.0	10,150,249	10,150,249
Standard Bank Plc	1.3	6,666,872	6,666,872
Parastatal Pension Fund (PPF)	1.0	4,831,636	4,831,636
National Social Security Fund (NSSF)	0.7	3,592,561	3,592,561
TCCIA Investment Company Limited	0.5	2,611,886	2,611,886
General Public	12	59,744,684	59,744,684
	100.0	500,000,000	500,000,000

15. STOCK EXCHANGE INFORMATION

In 2008 the Bank was listed at the Dar es Salaam Stock Exchange. The share price at year end was TZS 2,620 (2012: TZS 1,120). Market capitalisation as at 31 December 2013 was TZS 1,310,000 million (31 December 2012: TZS 560,000 million).

16. FUTURE DEVELOPMENT PLANS

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

17. PERFORMANCE FOR THE YEAR

During the year the Group had a net profit for the year of TZS 133,638 million (2012: TZS 97,322 million). In addition, the following achievements were recorded in the year:-

- The Group recorded a profit before tax of TZS 187,863 million (2012: TZS 144,662 million); the good performance was contributed by overall growth of customer deposits, loan portfolio and attractive yields on Government securities held.

- Total assets of the Group increased to TZS 3,287,175 million (2012: TZS 2,800,747 million). The growth was driven by the increase of loan portfolio and in particular Salary Workers Loans, Corporate and SME loans contributing a significant part. The Government securities also contributed to increased interest earnings. This growth in assets was funded by growth in deposits (particularly public deposits and those from local governments) and borrowings from Financierings- Maatschappij voor Ontwikkelingslanden N.V (FMO) and European Investment Bank. The audited financial statements for the year are set out on pages 54 to 110.

18. CASH FLOW PROJECTION

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

19. BORROWING

The Bank acquired a long term borrowing amounting TZS 56,582 million from European Investment Bank and USD 65 million from Financierings-Maatschappij voor Ontwikkelingslanden N.V (FMO).

20. DIVIDEND

The Directors propose payment of a dividend of TZS 90 per share, amounting to TZS 45 billion. In 2013, a dividend of TZS 68 per share, amounting to TZS 34 billion was approved and paid.

21. RESOURCES

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

22. PRINCIPAL RISKS AND UNCERTAINTIES

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

Fraud risk

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

Operational risk

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

Financial risk

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

23. RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

The Board assessed the internal control systems throughout the financial year ended 31 December 2013 and is of the opinion that they met accepted criteria.

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

24. KEY PERFORMANCE INDICATORS FOR THE BANK

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

Performance indicator	Definition and calculation method	NMB ratios	
		2013	2012
Return on equity	Net profit/Total equity.	29%	27%
Return on assets	Net profit/Total assets.	4%	3%
Cost to income ratio	Total costs/Net income*.	57%	55%
Interest margin on earning assets	Total interest income/(interest in government securities + balances with other financial institutions + interbank loan receivables + investments in other securities + net loans, advances and overdraft.	14%	13%
Non - interest income to Gross income	Non - interest income/Total income.	28%	23%
Gross loans to customers to customer deposits	Total loans to customers/Total deposits from customers.	68%	59%
Non - performing loans to gross loans	Non - performing loans/Gross loans and advances.	2%	2%
Earning assets to total assets	Earning assets/Total assets.	79%	77%
Growth on total assets	Increase in assets for the year/Total asset opening balance.	17%	28%
Growth on loans and advances to customers	Increase in Loans and advances /Opening balance of loans and advances.	20%	19%
Growth on customer deposits	Increase in customer deposits/Opening balance of customer deposits	13%	27%

* 2013 Total costs/Net income ratio includes loan impairment charge

25. SERIOUS PREJUDICIAL MATTERS

In the opinion of the Directors, there are no serious unfavorable matters that can affect the Bank (2012: none).

26. SOLVENCY

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

27. EMPLOYEES' WELFARE

Management and employees' relationship

There was continued good relation between employees and management for the year 2013. There were no unresolved complaints received by Management from the employees during the year. A healthy relationship continues to exist between management and the trade union with whom the Bank signed a recognition agreement.

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

Training facilities

During the year the Bank spent TZS 1,965 million (2012: TZS 1,901) on staff training in order to improve employees' technical skills and hence effectiveness. Training programs have been and are continually being developed to ensure employees are adequately trained at all levels. All employees have some form of annual training to upgrade skills and enhance development.

Medical assistance

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

Financial assistance to staff

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

Persons with disabilities

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

Employees benefit plan

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

The number of employees during the year was 2,866 (2012: 2,783).

28. GENDER PARITY

The Bank had 2,866 employees, out of which 1,645 were male and 1,221 were female (2012: male 1,606, female 1,177).

29. RELATED PARTY TRANSACTIONS

All related party transactions and balances are disclosed in note 36 to the consolidated financial statements.

30. POLITICAL AND CHARITABLE DONATIONS

The Bank did not make any political donations during the year. Donations made to charitable and other organizations during the year amounted to TZS 1,049 million (2012: TZS 891 million).

31. RELATIONSHIP WITH STAKEHOLDERS

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

32. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

33. AUDITORS

Deloitte & Touche were appointed as auditors during the year and, having expressed their willingness, continue in office in accordance with Section 170(2) of the Companies Act, 2002.

BY ORDER OF THE BOARD


Prof. Joseph Semboja
Chairman

27 March 2014

Statement of Directors' Responsibilities

Taarifa ya Wajibu wa Wakurugenzi

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

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

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

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

Signed on behalf of the Board of Directors by:



Prof. Joseph Semboja
Chairman

27 March 2014

12 Independent Auditors' Report | Taarifa ya Wakaguzi wa Hesabu

Report on the financial statements

We have audited the accompanying consolidated financial statements of National Microfinance Bank Plc ("the Bank") and its subsidiaries (together "the Group"), set out on pages 51 to 104 which comprise the consolidated and the Bank's statements of financial position as at 31 December 2013, and the consolidated and the Bank's statement of profit or loss and other comprehensive income; consolidated and the Bank's statements of changes in equity and consolidated and the Bank's statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of the Group's and the Bank's financial affairs as at 31 December 2013 and the Bank's and the Group's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2002 and the Banking and Financial Institutions Act, 2006.

Report on other legal requirements

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

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

Deloitte & Touche

Certified Public Accountants (Tanzania)
Dar es Salaam

Signed by: D. C. Nchimbi
27 March 2014

Financial Statements | Taarifa za Hesabu

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2013 TZS' Millions	2012 TZS' Millions
Interest and similar income	7	355,686	287,924
Interest and similar expenses	8	(25,893)	(9,348)
Net interest income		329,793	278,576
Loan impairment charges	20	(23,766)	(25,851)
Net interest income after loan impairment		306,027	252,725
Fee and commission income	9(a)	98,279	84,201
Fee and commission expense	9(a)	(6,000)	(3,639)
Net fee and commission income		92,279	80,562
Total operating income		398,306	333,287
Foreign exchange income	10	8,378	9,086
Other income	11	6,646	1,302
Employee benefit expenses	12	(99,675)	(75,955)
General and administrative expenses	13 (a)	(108,222)	(99,191)
Depreciation and amortization	14	(17,570)	(23,867)
Profit before income tax		187,863	144,662
Income tax expense	15	(54,225)	(47,340)
Profit for the year		133,638	97,322
Other comprehensive income, net of tax		-	-
Total comprehensive income for the year		133,638	97,322
Attributable to:			
Owners of the parent		133,713	97,322
Non-controlling interests		(75)	(32)
Total comprehensive income for the year		133,638	97,290
Basic and diluted earnings per share (TZS)	16(a)	267.28	194.58

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

	Note	2013 TZS' Millions	2012 TZS' Millions
Interest and similar income	7	355,686	287,924
Interest and similar expenses	8	(25,893)	(9,348)
Net interest income		329,793	278,576
Loan impairment charges	20	(23,766)	(25,851)
Net interest income after loan impairment		306,027	252,725
Fee and commission income	9(b)	98,378	84,201
Fee and commission expense	9(b)	(6,000)	(3,639)
Net fee and commission income		92,378	80,562
Total operating income		398,405	333,287
Foreign exchange income	10	8,378	9,086
Other income	11	6,646	1,302
Employee benefit expenses	12	(99,675)	(75,955)
General and administrative expenses	13 (b)	(108,053)	(99,112)
Depreciation and amortisation	14	(17,570)	(23,867)
Profit before income tax		188,131	144,741
Income tax expense	15	(54,225)	(47,340)
Profit for the year		133,906	97,401
Other comprehensive income, net of tax		-	-
Total comprehensive income for the year		133,906	97,401
Basic and diluted earnings per share (TZS)	16(b)	267.81	194.80

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2013 TZS' Millions	2012 TZS' Millions
Assets			
Cash and balances with Bank of Tanzania	18	545,308	521,658
Placements and balances with other Banks	19	153,377	203,062
Loans and advances to customers	20	1,606,357	1,345,932
Investment securities held-to-maturity	21	820,744	617,347
Equity investments	22(a)	1,740	1,200
Other assets	23(a)	45,748	22,044
Property and equipment	24(a)	88,040	70,316
Intangible assets	25	708	1,226
Current income tax		2,313	-
Deferred income tax	26	22,840	17,962
Total assets		3,287,175	2,800,747
Liabilities			
Deposit due to other banks		6,080	72,657
Deposits from customers	27(a)	2,577,946	2,288,074
Current income tax		-	6,015
Other liabilities	28(a)	71,624	67,749
Provisions	29	3,450	1,872
Borrowings		160,886	-
Total liabilities		2,819,986	2,436,367
Capital and reserves			
Share capital	30	20,000	20,000
Retained earnings		435,948	336,310
Regulatory reserve		-	-
Capital and reserves attributable to owners of the parent		455,948	356,310
Non-controlling interests		11,241	8,070
Total equity and liabilities		3,287,175	2,800,747

The consolidated financial statements on pages 51 to 104 were approved and authorised for issue by the Board of Directors and signed on its behalf by:



Prof. Joseph Semboja
Chairman

27 March 2014

BANK'S STATEMENT OF FINANCIAL POSITION

	Note	2013 TZS' Millions	2012 TZS' Millions
Assets			
Cash and balances with Bank of Tanzania	18	545,308	521,658
Placements and balances with other banks	19	153,377	203,062
Loans and advances to customers	20	1,614,292	1,345,932
Investment securities held-to-maturity	21	820,744	617,347
Equity investments	22(b)	20,600	14,612
Other assets	23(b)	40,894	19,509
Property and equipment	24(b)	59,110	54,570
Intangible assets	25	708	1,226
Current income tax	15(b)	2,313	-
Deferred income tax	26	22,840	17,962
Total assets		3,280,186	2,795,878
Liabilities			
Deposit due to other banks		6,080	72,657
Deposits from customers	27(b)	2,582,625	2,289,979
Current income tax	15(b)	-	6,015
Other liabilities	28(b)	70,554	68,595
Provisions	29	3,450	1,872
Borrowing		160,811	-
Total liabilities		2,823,520	2,439,118
Capital and reserves			
Share capital	30	20,000	20,000
Retained earnings		436,666	336,760
Regulatory reserve		-	-
Total equity		456,666	356,760
Total equity and liabilities		3,280,186	2,795,878

The consolidated financial statements on pages 51 to 104 were approved and authorised for issue by the Board of Directors and signed on its behalf by:



Prof. Joseph Semboja

Chairman

27 March 2014

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained earnings	Regulatory reserve		Non-controlling interest	Total equity
	TZS'Millions	TZS'Millions	TZS'Millions	TZS'Millions	TZS'Millions	TZS'Millions
At 1 January 2012	20,000	262,230	1,726	283,956	1,306	285,262
Comprehensive income						
Profit/(loss) for the year	-	97,354	-	97,354	(32)	97,322
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	97,354	-	97,354	(32)	97,322
-Transfer from regulatory reserve	-	1,726	(1,726)	-	-	-
Transactions with owners						
Additional capital contribution	-	-	-	-	6,796	6,796
Dividends paid - Final 2011	-	(25,000)	-	(25,000)	-	(25,000)
At 1 January 2013	20,000	336,310	-	356,310	8,070	364,380
Profit/(loss) for the year	-	133,638	-	133,638	(75)	133,563
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	133,638	-	133,638	(75)	133,563
-Transfer from regulatory reserve	-	-	-	-	-	-
Transactions with owners						
Additional capital contribution	-	-	-	-	3,246	3,246
Dividends paid - Final 2012	-	(34,000)	-	(34,000)	-	(34,000)
At 31 December 2013	20,000	435,948	-	455,948	11,241	467,189

BANK'S STATEMENT OF CHANGES IN EQUITY

	Share capital TZS'Millions	Retained earnings TZS'Millions	Regulatory reserve TZS'Millions	Total TZS'Millions
At 1 January 2012	20,000	262,633	1,726	284,359
Comprehensive income				
Profit for the year	-	97,401	-	97,401
Other comprehensive income	-	-	-	-
Total comprehensive income	-	97,401	-	97,401
-Transfer from regulatory reserve	-	1,726	(1,726)	-
Transactions with owners				
Dividends paid - Final 2011	-	(25,000)	-	(25,000)
At 1 January 2013	20,000	336,760	-	356,760
Comprehensive income				
Profit for the year	-	133,906	-	133,906
Other comprehensive income	-	-	-	-
Total comprehensive income	-	133,906	-	133,906
-Transfer from regulatory reserve	-	-	-	-
Transactions with owners				
Dividends paid - Final 2012	-	(34,000)	-	(34,000)
	20,000	436,666	-	456,666

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.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2013 TZS' Millions	2012 TZS' Millions
Cash flows from operating activities			
Cash (used in)/generated from operations	32(a)	(108,676)	86,275
Tax paid	15(b)	(67,431)	(49,622)
Net cash (used in)/generated from operations		(176,107)	36,653
Cash flows from investing activities			
Purchase of property and equipment	24	(34,685)	(33,739)
Purchase of intangible assets	25	(238)	(82)
Proceeds from sale of property and equipment		300	74
Acquisition of shares in other companies	22(a)	(540)	-
Net cash used in investing activities		(35,163)	(33,747)
Cash flows from financing activities			
Borrowing		160,811	6,796
Proceeds from issuance of shares to non-controlling interest		3,246	-
Dividends paid	17	(34,000)	(25,000)
Net cash generated from/(used in) financing activities		130,057	(18,204)
Net decrease in cash and cash equivalents		(81,213)	(15,298)
Cash and cash equivalents at beginning of the year		470,143	485,441
Cash and cash equivalents end of the year	31	388,930	470,143
Analysis of cash and cash equivalents at end of the year:			
Cash in hand		218,133	185,545
Balances with Bank of Tanzania		17,420	81,536
Deposits and balances due from banking institutions		153,377	203,062
		388,930	470,143

BANK'S STATEMENT OF CASH FLOWS

	Note	2013 TZS' Millions	2012 TZS' Millions
Cash flows from operating activities			
Cash (used in)/generated from operations	32(b)	(113,166)	90,221
Tax paid	15(b)	(67,431)	(49,622)
Net cash (used in)/generated from operations		(180,597)	40,599
Cash flows from investing activities			
Purchase of property and equipment	24	(21,501)	(20,082)
Purchase of intangible assets	25	(238)	(82)
Proceeds from sale of property and equipment		300	74
Acquisition of shares in other companies	22(b)	(5,988)	(10,807)
Net cash used in investing activities		(27,427)	(30,897)
Cash flows from financing activities			
Borrowing		160,811	-
Dividends paid	17	(34,000)	(25,000)
Net cash generated from/(used in) financing activities		126,811	(25,000)
Net decrease in cash and cash equivalents		(81,213)	(15,298)
Cash and cash equivalents at the beginning of the year		470,143	485,441
Cash and cash equivalents end of the year	31	388,930	470,143
Analysis of cash and cash equivalents at end of the year:			
Cash in hand		218,133	185,545
Balances with Bank of Tanzania		17,420	81,536
Deposits and balances due from banking institutions		153,377	203,062
		388,930	470,143

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. REPORTING ENTITY

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

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

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

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

a) New and revised IFRSs effective for the year ended 31 December 2013

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

Amendments to IFRS 7
Disclosures - Offsetting
Financial Assets and
Financial Liabilities

The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

As a result of the amendments to IFRS 7, the Group has expanded disclosures about offsetting financial assets and financial liabilities (see Note 3(l)).

IFRS 11 Joint
Arrangements

IFRS 11 replaces IAS 31 Interests in Joint Ventures. The standard requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and then account for those rights and obligations in accordance with that type of joint arrangement.

Joint arrangements are either joint operations or joint ventures:

- A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint operators recognise their assets, liabilities, revenue and expenses in relation to its interest in a joint operation (including their share of any such items arising jointly)
- A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (joint ventures) have rights to the net assets of the arrangement. A joint venturer applies the equity method of accounting for its investment in a joint venture in accordance with IAS 28 Investments in Associates and Joint Ventures (2011). Unlike IAS 31, the use of 'proportionate consolidation' to account for joint ventures is not permitted.
- The application of the standard had no effect on the Group's financial statement as the Group did not have such a joint arrangement.

IFRS 12, Disclosure of
interest in other entities

IFRS 12 Includes the disclosure requirements for all forms of interest in other entities, including joint arrangements, associates, special purpose vehicle and other off balance sheet vehicles.

The application of IFRS 13 has an impact on the consolidated financial statements as disclosed on the financial instruments disclosure note 22 (b).

Amendments to IAS 1
Presentation of Items of
Other Comprehensive
Income

The Group has applied the amendments to IAS 1, Presentation of Items of Other Comprehensive Income, for the first time in the current year. The amendments introduce new terminology, whose use is not mandatory, for the statement of comprehensive income and income statement. Under the amendments to IAS 1, the 'statement of comprehensive income' is renamed as the 'statement

of profit or loss and other comprehensive income' (and the 'income statement' is renamed as the 'statement of profit or loss'). The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The new terminologies have been adopted in these consolidated financial statements.

The application of the amendments to IAS 1 does not result in any impact on Group's profit or loss, other comprehensive income and total comprehensive income.

IAS 19 Employee Benefits
(2011)

IAS 19 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net interest' amount under IAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset.

The application of the amendment had no effect on the Group's consolidated financial statements as the Group does not have defined benefit obligations and plan assets.

IFRS 13, Fair Value
Measurement

The scope of IFRS 13 is broad; the fair value measurement requirements of IFRS 13 apply to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements.

IFRS 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by IFRS 13 for the 2012 comparative period.

The application of IFRS 13 has an impact on the consolidated financial statements as disclosed on the financial instruments disclosure note 6.5.

Amendments to IAS 1
Presentation of Financial
Statements
(as part of the Annual
Improvements to IFRSs
2009 - 2011 Cycle issued in
May 2012)

The Annual Improvements to IFRSs 2009 - 2011 have made a number of amendments to IFRSs. The amendments that are relevant to the Group are the amendments to IAS 1 regarding when a statement of financial position as at the beginning of the preceding period (third statement of financial position) and the related notes are required to be presented. The amendments specify that a third statement of financial position is required when (a) an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and (b) the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The amendments specify that related notes are not required to accompany the third statement of financial position.

The application of the amendment had no effect on the Group's consolidated financial statements as the Group does not have the third statement of financial position.

b) New and revised IFRSs in issue but not yet effective for the year ended 31 December 2013

Effective for annual
periods beginning on or after

New and Amendments to standards

IFRS 9, Financial Instruments - Classification and Measurement (2010)	1 January 2015
IAS 32, Offsetting Financial Assets and Financial Liabilities	1 January 2014
IFRS 10, IFRS 12 and IAS 27, Investment Entities	1 January 2014
IAS 36, Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
IAS 39, Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014

Amendment to interpretations

IFRIC 21 Levies	1 January 2014
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c) Impact of new and amended standards and interpretations in issue but not yet effective on the consolidated financial statements for the year ended 31 December 2013 and future annual periods IFRS 9, Financial Instruments

IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss. The Directors of the Group anticipate that the application of IFRS 9 in the future may have a significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until a detailed review has been completed.

IAS 27 Separate Financial Statements (2011)

Amended version of IAS 27 which now only deals with the requirements for separate financial statements, which have been carried over largely unchanged from IAS 27 Consolidated and Separate Financial Statements. Requirements for consolidated financial statements are now contained in IFRS 10 Consolidated Financial Statements.

The Standard requires that when an entity prepares separate financial statements, investments in subsidiaries, associates, and jointly controlled entities are accounted for either at cost, or in accordance with IFRS 9 Financial Instruments / IAS 39 Financial Instruments: Recognition and Measurement.

The Standard also deals with the recognition of dividends, certain group reorganisations and includes a number of disclosure requirements.

The Directors are still assessing the impact the standard might have when adopted.

Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities

The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- Obtain funds from one or more investors for the purpose of providing them with professional investment management services.
- Commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both.
- Measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities.

The Directors are still assessing the impact the standard might have when adopted.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The Directors are still assessing the impact the standard might have when adopted.

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)

Amends IAS 36 Impairment of Assets to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

The Directors are still assessing the impact the standard might have when adopted.

Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)

Amends IAS 39 Financial Instruments: Recognition and Measurement to make it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.

A novation indicates an event where the original parties to a derivative agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. In order to apply the amendments and continue hedge accounting, novation to a central counterparty (CCP) must happen as a consequence of laws or regulations or the introduction of laws or regulations.

The Directors are still assessing the impact the standard might have when adopted.

Annual Improvements 2010-2012 Cycle

The annual improvements 2010-2012 cycle makes amendments to the following standards:

IFRS 2 - Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'.

IFRS 3 - Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date.

IFRS 8 - Requires disclosure of the judgments made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly.

IFRS 13 - Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only).

IAS 16 and IAS 38 - Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.

IAS 24 - Clarify how payments to entities providing management services are to be disclosed.

These IFRS improvements are effective for accounting periods beginning on or after 1 January 2014. The Directors are still assessing the impact the application of these improvements to IFRSs might on the Group's financial statements when adopted.

Annual Improvements 2011-2013 Cycle

Makes amendments to the following standards:

IFRS 1 - Clarify which versions of IFRSs can be used on initial adoption (amends basis for conclusions only).

IFRS 3 - Clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

IFRS 13 - Clarify the scope of the portfolio exception in paragraph 52.

IAS 40 - Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

These IFRS improvements are effective for accounting periods beginning on or after 1 January 2014. The Directors are still assessing the impact the IFRS improvements might have when adopted.

(d) Early adoption of standards

The Group did not early-adopt any new or amended standards in 2013.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The consolidated financial statements of National Microfinance Bank plc have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

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

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Bank and entities controlled by the Bank (its subsidiaries). The financial statements of the Bank and its subsidiaries are made up to 31 December 2013.

I. Subsidiaries

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

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

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the

relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

III. Disposal of subsidiaries

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

IV. Separate financial statements

In the separate financial statements, investments in subsidiaries and associates are accounted for at cost less impairment.

(c) Interest income and expense

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

(d) 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.

(e) Foreign currency translation

i. Functional and presentation currency

Items included in the financial statements in each of the group entities are measured using the currency of the primary economic environment in which the group operates ("the functional currency"). The consolidated financial statements are presented in Tanzania Shillings rounded to the nearest thousand, which is the group's functional and presentation currency.

ii. Transactions and balances

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

(f) Financial assets

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

(i) Loans and receivables

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

- (a) those that the group intends to sell immediately or in the short term, which are classified as held for trading, and those that the group upon initial recognition designates as at fair value through profit or loss;
- (b) those that the group upon initial recognition designates as available for sale; or
- (c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

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

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

(ii) Held-to-maturity investments

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

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

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

(iii) Available for sale

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

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

(g) Recognition of financial assets

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

(h) Financial liabilities

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

(i) Derecognition of financial assets and liabilities

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have been transferred, the Bank tests control to ensure that continuing involvement

on the basis of any retained powers of control does not prevent derecognition).

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

(j) Classes of financial instruments

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

Item on statement of financial position	Class
Financial assets	
Placement and balances with other banks	Loans and receivables
Loans and advances to customer	Loans and receivables
Investment securities	Held to maturity
Other assets	Loans and receivables
Equity investments	Available for sale
Financial liabilities	
Deposits from banks	Financial liabilities at amortised cost
Deposits from customers	Financial liabilities at amortised cost
Other liabilities	Financial liabilities at amortised cost
Borrowings	Financial liabilities at amortised cost

(k) Impairment of financial assets**(i) Assets carried at amortised cost**

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

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

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

The group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant 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 group assesses at each end of reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment resulting in the recognition of an impairment loss. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the profit 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) Offsetting financial instruments

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

(m) Impairment of non-financial assets

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

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. No non-financial assets were impaired in 2012.

(n) Income tax

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

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

(o) Provisions

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

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by

considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

(p) Property and equipment

Property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent expenditures are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. Depreciation is provided on the straight line basis so as to write down the cost of assets to their residual values over their useful economic lives, at the following rates:-

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

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

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

(q) Intangible assets

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

(r) Cash and cash equivalents

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

(s) Employee benefits

(i) Retirement benefit obligations

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

(t) Share capital

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

(u) Leases

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

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

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

(v) Contingencies and commitments

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

Financial guarantees

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

Acceptances and letters of credit

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

(w) Comparatives

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

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a) Impairment losses on loans and advances

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

b) Held to maturity investments

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

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

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

d) Taxes

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

5. SEGMENT REPORTING

The Bank's subsidiaries have commenced operations however Upanga Joint Venture project is still under construction. Consequently, the segment information presented below relates only to the Bank which is a trading entity.

The Bank has the following business segments: Treasury, Retail and Wholesale banking.

The operating segments are reported in a manner consistent with the internal reporting provided to the Bank's Management Team (The Chief Operating Decision-Maker), which is responsible for allocating resources to the reportable segments and assessing their performances. All operating segments used by the Bank meet the definition of a reportable segment under IFRS 8. The segment information provided to the Bank's Management Team for the reportable segments for the year ended 31 December 2013 is as follows (all amounts in TZS millions):

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

All customers are based in Tanzania, except for interbank placements with corresponding banks.

There was no income deriving from transactions with a single external customer that amounted to 10% or more of Bank's total income.

The segment information provided to the Bank's Management Team for the reportable segments for the year ended 31 December 2012 is as follows (all amounts in TZS millions):

2012	Treasury	Wholesale banking	Retail banking	Total
Interest income	76,418	48,390	163,116	287,924
Interest expense	(31,074)	7,367	14,359	(9,348)
Net Interest Income	45,344	55,757	177,475	278,576
Credit impairment charges	-	(7,956)	(17,895)	(25,851)
Non-interest income	9,086	15,840	69,663	94,589
Depreciation and amortisation	(2,387)	(4,773)	(16,707)	(23,867)
Staff costs	(7,595)	(15,191)	(53,169)	(75,955)
Other expenses	(10,247)	(20,494)	(72,010)	(102,751)
Operating profit	34,201	23,183	87,357	144,741
Income tax provision	(21,488)	(12,302)	(13,550)	(47,340)
Profit after tax	12,713	10,881	73,807	97,401
Total assets	1,371,510	395,233	1,029,135	2,795,878
Total liabilities and equity	428,279	619,239	1,748,360	2,795,878

All customers are based in Tanzania, except for interbank placements with corresponding banks.

There was no income deriving from transactions with a single external customer that amounted to 10% or more of Bank's total income.

6. FINANCIAL RISK MANAGEMENT

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

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

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

6.1 Credit risk

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

6.1.1 Credit risk measurement

Loans and advances

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

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 end of reporting period (the 'incurred loss model') rather than expected losses.

Exposure at default is based on the amounts the Bank expects to be owed at the time of default. For example, for a loan this is the

face value. For a commitment, the Bank includes any amount already drawn plus the further amount that may have been drawn by the time of default, should it occur.

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

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

6.1.2 Risk limit control and mitigation policies

(a) Lending limits

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

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

(b) Collateral

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

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

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

(c) Credit-related commitments

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

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

6.1.3 Impairment and provisioning policies

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

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

	31 December 2013		31 December 2012	
	Loans and advances to customers	Impairment provision	Loans and advances to customers	Impairment provision
Micro and Small Enterprises (MSE)	139,901	2,070	121,524	3,466
Consumer	892,249	18,621	721,110	14,180
Corporate customers	429,709	17,162	373,433	3,184
Small and Medium size Enterprises (SME)	190,570	284	159,920	9,225
	1,652,429	38,137	1,375,987	30,055

In assessing the level of impairment, management determines whether objective evidence of impairment exists under IAS 39, based on the criteria detailed in Note 3 [k (i)].

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

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 2013		31 December 2012	
	Loans and advances %	Impairment provision %	Loans and advances %	Impairment provision %
1. Current	96.6	0.2	91.5	0.2
2. Especially mentioned	0.8	9.9	6.5	1.3
3. Sub-standard	1.1	13.6	0.9	18.9
4. Doubtful	0.6	54.9	0.4	55.3
5. Loss	0.9	100	0.7	100
	100	1.79	100	1.757

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

66% of the total maximum exposure is derived from loans and advances to customers (2012: 76%); 31% represents investments in government securities (2012: 23%).

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

- 97.4% of the loans and advances portfolio is categorised in the top two grades of the internal rating system (2012: 98%);
- 96.2% of the loans and advances portfolio are considered to be neither past due nor impaired (2012: 91.1%);
- The Bank has introduced a more stringent selection process upon granting loans and advances; and
- Investment in government treasury bills and treasury bonds has minimal credit risk.

6.1.5 Loans and advances

Loans and advances are summarised as follows:

	2013 TZS Millions	2012 TZS Millions
Neither past due nor impaired	1,435,685	1,252,529
Past due but not impaired	173,787	95,706
Individually Impaired	42,957	27,752
Gross	1,652,429	1,375,987
Less: allowance for impairment	(38,137)	(30,055)
Net	1,614,292	1,345,932
Portfolio allowance	(21,325)	(14,389)
Individually impaired	(16,812)	(15,666)
	(38,137)	(30,055)

The total impairment provision for loans and advances is TZS 38,137 million (2012: TZS 30,055 million). This amount represents both the individually impaired loans and portfolio impairment provision. Further analysis of the impairment provision for loans and advances to customers is provided in Note 20.

During the year ended 31 December 2013, the Bank's total loans and advances increased by 20% as a result of the expansion of the lending business. When entering into new markets or new industries, in order to minimise the potential increase of credit risk exposure, the Bank focused more on the business with large corporate enterprises, quality SMEs and Salaried Workers Loans.

(a) Loans and advances neither past due nor impaired

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

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

	2013 TZS Millions	2012 TZS Millions
MSEs	131,263	113,349
Consumer loans	716,351	633,001
Corporate customers	398,652	368,178
SMEs	189,419	138,001
	1,435,685	1,252,529

96.6% (2012 91.5%) of the loans and advances that were neither past due nor impaired fall under top grade of the internal rating system, known as Current. The rest fall under next grades known as Especially mentioned and Sub-standard.

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

(b) Loans and advances past due but not impaired

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

31 December 2013	Individual (retail) customers		Corporate customers		Total
	MSEs TZS Millions	Consumer TZS Millions	Corporate customers TZS Millions	SMEs TZS Millions	TZS Millions
Past due up to 30 days	3,083	119,429	-	3,104	125,616
Past due 30 - 60 days	1,223	26,314	-	1,454	28,991
Past due 60 - 90 days	729	4,048	-	1,055	5,832
Past due 90 - 180 days	1,323	8,096	3,929	-	13,348
Total	6,358	157,887	3929	5,613	173,787

31 December 2012					
Past due up to 30 days	3,367	58,993	2,108	8,789	73,257
Past due 30 - 60 days	1,013	13,006	-	-	14,019
Past due 60 - 90 days	548	2,039	-	-	2,587
Past due 90 - 180 days	1,060	4,783	-	-	5,843
Total	5,988	78,821	2,108	8,789	95,706

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

(c) Loans and advances impaired

The amount of total impaired loans and advances as at 31 December 2013 was TZS 42,957 million (2012: TZS 27,752 million).

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

	2013 TZS Millions	2012 TZS Millions
MSEs	2,070	2,187
Consumer loans	14,433	9,287
Corporate customers	25,303	3,148
SMEs	1,151	13,130
	42,957	27,752

(d) Amounts due from banks

The total gross amount of impaired amounts due from banks as at 31 December 2013 was Nil (2012: Nil). No collateral is held by the Bank, and no impairment provision has been provided against the gross amount.

6.1.6 Debt securities, treasury bills and other eligible bills

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

6.1.7 Repossessed collateral

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

6.1.8 Concentration of risks of financial assets with credit risk exposure

(a) Geographical sectors

The following table breaks down the Bank's main credit exposure at their carrying amounts, as categorised by geographical region as of 31 December 2013. For this table, the Bank has allocated exposures to regions based on the country of domicile of its counterparties (Amounts are in TZS' Millions).

Tanzania	Europe TZS Millions	America TZS Millions	Others TZS Millions	Total TZS Millions	TZS Millions	TZS Millions
Credit risk exposures relating to on-balance sheet assets are as follows:						
31 December 2013						
Balances with the Bank of Tanzania	17,420	-	-	-	-	17,420
Placement and balances with other banks	89,807	1,835	61,723	12	153,377	
Investment securities held to maturity	820,744	-	-	-	-	820,744
Loans and advances to customers:						
Loans to individuals:						
- MSEs	137,831	-	-	-	-	137,831
- Consumer loans	873,628	-	-	-	-	873,628
Loans to corporate entities:						
- Corporate customers	412,547	-	-	-	-	412,547
- SMEs	190,286	-	-	-	-	190,286
Other assets (Excluding prepayments)	10,723	-	-	-	-	10,723
As at 31 December 2013	2,552,986	1,835	61,723	12	2,616,556	

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

Guarantees and Indemnities	4,468	-	-	-	4,468
Undrawn Commitments	76,490	-	-	-	76,490
Acceptances and letters of credit - See note 34	73,22	-	-	-	73,220
As at 31 December 2013	154,178	-	-	-	154,178

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

31 December 2012						
Balances with the Bank of Tanzania	82,038	-	-	-	-	82,038
Placement and balances with other banks	145,659	8,403	37,279	11,721	203,062	
Investment securities held to maturity	617,347	-	-	-	-	617,347
Loans and advances to customers:						
Loans to individuals:						
- MSEs	118,058	-	-	-	-	118,058
- Consumer loans	706,930	-	-	-	-	706,930
Loans to corporate entities:						
- Corporate customers	370,249	-	-	-	-	370,249
- SMEs	150,695	-	-	-	-	150,695
Other assets	19,509	-	-	-	-	19,509
As at 31 December 2012	2,210,485	8,403	37,279	11,721	2,267,888	

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

Undrawn Commitments	39,734	-	-	-	39,734
Acceptances and letters of credit - See note 34	82,951	-	-	-	82,951
As at 31 December 2012	122,685	-	-	-	122,685

(b) Industry sectors

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

	Financial institutions	Manufacturing	Trading and commercial	Transport and communication	Wholesale and retail	Agriculture	Individuals	Others	Total
31 December 2013	TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions
Balances with the Bank of Tanzania	17,420	-	-	-	-	-	-	-	17,420
Placement and balances with other banks	153,377	-	-	-	-	-	-	-	153,377
Investment securities held to maturity	820,744	-	-	-	-	-	-	-	820,744
Loans and advances to customers:	0								00
Loans to individuals:	0								
- MSE	67	1,097	7,821	1,423	301	1,675	119,493	5,954	137,831
- Consumer loans	11,559	2,079	16,381	4,189	81	2,741	7,735	828,863	873,628
Loans to corporate entities:	0								
- Corporate customers	8,357	51,616	186,485	18,316	7,366	28,637	11,210	100,560	412,547
- SMEs	2,191	2,051	52,118	1,423	724	2,379	120,975	8,425	190,286
Other assets	10,723	-	-	-	-	-	-	-	10,723
As at 31 December 2013	1,024,438	56,843	262,805	25,351	8,472	35,432	252,413	943,802	2,616,556

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

Guarantees and Indemnities	-	-	4,468	-	-	-	-	-	4,468
Undrawn Commitments	439	19,833	11,848	6,726	6,846	30,742	-	56	76,490
Acceptances and letters of credit	40	4,276	1,384	5,376	56,725	4,033	1,346	40	73,220
As at 31 December 2013	479	24,109	17,700	12,102	63,571	34,775	1,346	96	154,178

31 December 2012	Financial institutions	Manufacturing	Trading and commercial	Transport and communication	Wholesale and retail	Agriculture	Individuals	Others	Total
TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions	TZS Millions
Balances with the Bank of Tanzania	82,038	-	-	-	-	-	-	-	82,038
Placement and balances with other banks	203,062	-	-	-	-	-	-	-	203,062
Investment securities held to maturity	617,347	-	-	-	-	-	-	-	617,347
Loans and advances to customers:									
Loans to individuals:									
- MSEs	-	2,260	108,718	1,087	-	1,871	2,011	2,111	118,058
- Consumer loans	-	-	-	-	-	-	647,764	59,166	706,930
Loans to corporate entities:									
- Corporate customers	845	121,282	100,280	30,228	2,606	26,554	-	88,454	370,249
- SMEs	2,320	2,834	88,750	1,850	653	39,857	-	14,431	150,695
Other assets(Excluding prepayments)	29,580	-	-	-	-	-	-	-	29,580
As at 31 December 2012	935,192	126,376	297,748	33,165	3,259	68,282	649,775	164,162	2,277,959

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

Undrawn Commitments	-	10,585	5,872	398	-	22,567	-	312	39,734
Acceptances and letters of credit	-	8,973	20,829	150	-	5912	-	47,086	82,950
As at 31 December 2012	-	19,558	26,701	548	-	28,479	-	47,398	122,684

6.2 Market risk

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

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

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

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

6.2.1 Foreign exchange risk

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

The table below summarises the Bank's exposure to foreign currency exchange rate risk at 31 December 2013. Included in the table are the Bank's financial instruments at carrying amounts, categorised by currency (all amounts expressed in millions of Tanzania Shillings).

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

As at 31 December 2013	TZS Millions	USD Millions	EURO Millions	GBP Millions	Others Millions	Total Millions
Assets						
Cash and balances with Bank of Tanzania	508,542	30,062	5,832	872	-	545,308
Placement and balances with other banks	80,750	70,777	123	1,711	15	153,376
Investment securities held to maturity	820,744	-	-	-	-	820,744
Loans and advances to customers	1,519,178	95,114	-	-	-	1,614,292
Equity investments	20,600	-	-	-	-	20,600
Other assets	10,631	93	-	-	-	10,724
Total financial assets	2,960,445	196,046	5,955	2,583	15	3,165,044
Liabilities						
Deposits from customers	2,510,260	70,310	2,007	48	-	2,582,625
Deposits from banks	-	-	3,454	2,626	-	6,080
Long term borrowing	56,942	103,869	-	-	-	160,811
Other assets (Excluding prepayments)	19,096	28	-	-	-	19,124
Total financial liabilities	2,586,298	174,207	5,461	2,674	-	2,768,640
Net on-balance sheet financial position	374,147	21,839	494	(91)	15	396,404
Off balance sheet position:						
Credit commitments	73,220	-	-	-	-	73,220

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

As at 31 December 2012	TZS Millions	USD Millions	EURO Millions	GBP Millions	Others Millions	Total Millions
Assets						
Cash and balances with Bank of Tanzania	477,437	41,248	2,193	780	-	521,658
Placement and balances with other banks	145,671	44,421	1,005	11,958	7	203,062
Investment securities held to maturity	617,347	-	-	-	-	617,347
Loans and advances to customers	1,310,464	35,468	-	-	-	1,345,932
Equity investments	14,612	-	-	-	-	14,612
Other assets (Excluding prepayments)	19,509	-	-	-	-	19,509
Total financial assets	2,585,040	121,137	3,198	12,738	7	2,722,120
Liabilities						
Deposits from customers	2,233,751	54,067	1,512	649	-	2,289,979
Deposits from banks	2,011	67,286	2,085	1,275	-	72,657
Other liabilities	68,595	-	-	-	-	68,595
Total financial liabilities	2,304,357	121,353	3,597	1,924	-	2,431,231
Net on-balance sheet financial position	280,683	(216)	(399)	10,814	7	290,889
Off balance sheet position:						
Credit commitments	82,951	-	-	-	-	82,951

Foreign exchange sensitivity analysis

At 31 December 2013, if the Tanzanian shilling (TZS) had weakened/strengthened by 10% (2012: 10%) against US Dollar, with all other variables held constant, Bank's post tax profit for the year would have been TZS 22 million (2012: TZS 2,184 million) higher/lower mainly as a result of foreign exchange losses on translation of US Dollar dominated cash and balances with the Bank of Tanzania, Placement and balances with other banks and customers and deposits from customers and other banks.

At 31 December 2013, if the Tanzanian shilling (TZS) had weakened/strengthened by 10% (2012: 10%) against Euro, with all other variables held constant, Bank's post tax profit for the year would have been TZS 40 million (2013: TZS 46 million) higher/lower mainly as a result of foreign exchange losses on translation of Euro dominated Placement and balances with other banks and deposits from customers and other banks.

At 31 December 2013, if the Tanzanian shilling (TZS) had weakened/strengthened by 10% (2012: 10%) against Pound (GBP), with all other variables held constant, Bank's post tax profit for the year would have been TZS 1,081 million (2012: TZS 9 million) higher/lower mainly as a result of foreign exchange losses on translation of Pound dominated cash and balances with Bank of Tanzania, Placement and balances with other banks and customers and deposits from customers and other banks.

The effect of translation of Placement and balances with other banks in other currencies (Kenyan shillings, Japanese Yen and South African Rand) is not considered to be significant.

6.2.2 Interest rate risk

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

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

	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-inter- est bearing TZS 'Millions'	Total TZS 'Millions'
As at 31 December 2013							
Assets							
Cash and balances with Bank of Tanzania	-	-	-	-	-	545,308	545,308
Investment securities held to maturity	71,792	118,443	376,827	212,363	41,319	-	820,744
Placement and balances with other banks	153,377	-	-	-	-	-	153,377
Loans and advances to customers	116,007	45,611	431,790	883,883	137,001	-	1,614,292
Equity Investments	-	-	-	-	-	20,600	20,600
Other assets (Excluding prepayments)	64	115	10,545	-	-	-	10,724
Total financial assets	341,240	164,169	819,162	1,096,246	178,320	565,908	3,165,045
Liabilities							
Deposits from customers	30,542	14,933	26,898	164	-	2,510,088	2,582,625
Deposit from banks	5,905	-	175	-	-	-	6,080
Long term borrowing	-	-	-	139,908	20,903	-	160,811
Other liabilities	19,124	-	-	-	-	-	19,124
Total financial liabilities	55,571	14,933	27,073	140,072	20,903	2,510,088	2,768,640
Total interest repricing gap	285,669	149,236	792,089	956,174	157,417	(1,944,180)	396,405

	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-inter- est bearing TZS 'Millions'	Total TZS 'Millions'
As at 31 December 2012							
Assets							
Cash and balances with Bank of Tanzania	-	-	-	-	-	521,658	521,658
Investment securities held to maturity	35,894	126,002	259,342	155,239	40,870	-	617,347
Placement and balances with other banks	128,200	15,490	-	-	-	59,372	203,062
Loans and advances to customers	200,738	56,609	286,892	742,023	59,670	-	1,345,932
Other assets (Excluding prepayments)	-	-	-	-	-	19,509	19,509
Total financial assets	364,832	198,101	546,234	897,262	100,540	600,539	2,707,508
Liabilities							
Deposits from customers	29,179	8,667	49,704	100	-	2,202,329	2,289,979
Deposit from banks	72,657	-	-	-	-	-	72,657
Other liabilities	68,595	-	-	-	-	-	68,595
Total financial liabilities	170,431	8,667	49,704	100	-	2,202,329	2,431,231
Total interest repricing gap	194,401	189,434	496,530	897,162	100,540	(1,601,790)	276,277

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	Net Interest Bearing Funding	Net position	Impact
2013			
Less than 30 days	315,672	36,447	279,225 (2,792)
1 year	973,819	41,831	931,989 (9,320)
2012			
Less than 30 days	10,407	249,772	(239,365) 2,394
1 year	304,424	843,343	(538,918) 5,389

6.3 Liquidity risk

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

6.3.1 Liquidity risk management process

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

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. These include replenishment of funds as they mature or are borrowed by customers. The Bank maintains an active presence in money markets to enable this to happen;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring 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 6.3.3).

6.3.2 Funding approach

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

6.3.3 Non-derivative cash flows

The table below presents the cash flows payable by the Bank under non-derivative financial liabilities by remaining contractual maturities at the end of reporting period. The amounts disclosed in the table below are the contractual discounted cash flows. (Amounts are in TZS millions). The impact of cash outflow due to interest is not significant as deposits which attract interest are bonus, fixed deposits and junior account. As at 31 December 2013, the interest bearing deposits had a balance of TZS 72,537million (2012: TZS 87,650 million).

As at 31 December 2013	Up to 1 month	1 - 3 months	3 - 12 months	Over 1 year
Liabilities				
Deposits from customers	2,540,630	14,933	26,898	164
Placements and balances with other banks	6,080	-	-	-
Long term borrowing	-	-	-	160,811
Other liabilities	19,124	-	-	-
Total liabilities	2,565,834	14,933	26,898	160,975

As at 31 December 2012

Liabilities				
Deposits from customers	2,231,508	8,667	49,704	100
Placements and balances with other banks	72,657	-	-	-
Other liabilities	68,595	-	-	-
Total liabilities	2,372,760	8,667	49,704	100

6.3.4 Assets held for managing liquidity risk

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

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

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

6.4 Off-balance sheet items

(a) Undrawn commitments, outstanding letters of credit, guarantee and indemnities

The dates of the contractual amounts of the Bank's off-balance sheet financial instruments that commit it to extend credit to customers and other facilities (Note 34), are summarised in the table below.

(b) Financial guarantees and other financial facilities

Financial guarantees (Note 34) 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 2013				
Guarantee and indemnities	4,468	-	-	4,468
Undrawn commitments	76,490	-	-	76,490
Acceptance and letter of credit	73,220	-	-	73,220
Total	154,178	-	-	154,178
As at 31 December 2012				
Undrawn commitment	39,734	-	-	39,734
Acceptance and letter of credit	82,950	-	-	82,950
Total	122,684	-	-	122,684

6.5 Fair value of financial assets and liabilities

6.5.1 Fair value estimation

IFRS 13 requires the Bank to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The Bank specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions. These two types of inputs have created the following fair value hierarchy:

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

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

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

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

Type	Fair value at 2013 TZS M	2012 TZS M	Hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Relationship of unobservable input to fair value
Available for sale Equity investment	1,740	1,200	Level 2	Net Asset of the Investee	N/A	N/A

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

6.5.2 Financial instruments not measured at fair value

The following table analyses within the fair value hierarchy the Group's assets and liabilities (by class) not measured at fair value at 31 December 2013.

	Level 1	Level 2	Level 3	Total balance
	TZS	TZS	TZS	TZS
	'Millions	'Millions	'Millions	'Millions
Assets				
Cash and balances with Bank of Tanzania	545,308	-	-	545,308
Placements and balances with other banks	153,377	-	-	153,377
Loans and advances to customers	-	1,614,292	-	1,614,292
Investment securities held-to-maturity	-	820,744	-	820,744
Equity investments	-	20,600	-	20,600
Other assets		19,509	-	19,509
Total	698,685	2,475,145	-	3,173,830
Liabilities				
Deposit due to other banks	-	6,080	-	6,080
Deposits from customers	-	2,582,625	-	2,582,625
Borrowing	-	160,811	-	160,811
Other liabilities	-	68,595	-	68,595
Total	-	2,818,111	-	2,818,111

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

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

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

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

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

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

6.6 Capital management

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

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

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

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

The BoT requires each bank or banking group to: (a) hold the minimum level of the regulatory capital of TZS 15 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 Finance department is divided into two tiers:

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

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The table below summarises the composition of regulatory capital and the ratios of the Bank for the year ended 31 December 2013 and year ended 31 December 2012. During those two periods, the Bank complied with all of the externally imposed capital requirements to which they are subject.

Tier 1 capital	2013 TZS'	2012 TZS'
	Millions	Million
Share capital	20,000	20,000
Retained earnings	436,666	336,760
Less: Prepaid expenses	(11,314)	(7,884)
Less: Intangible assets	(708)	(1,226)
Less: Deferred tax assets	(22,840)	(17,962)
Total qualifying Tier 1 capital	421,804	329,688
Tier 2 capital		
General provision (portfolio impairment)	2,253	14,389
Total qualifying Tier 2 capital	2,253	14,389
Total regulatory capital	424,057	344,077
Risk-weighted assets		
On-balance sheet	1,776,273	1,442,689
Off-balance sheet	162,693	122,676
Market risk	5,424	144
Total risk-weighted assets	1,944,390	1,565,509
Tier 1 capital (required ratio 10%)	22%	21%
Tier 1 + Tier 2 capital (required ratio 12%)	22%	22%

The increase of the regulatory capital in the 2013 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 2013.

GROUP AND BANK		
	2013	2012
	TZS' Millions	TZS' Millions
7. INTEREST AND SIMILAR INCOME		
Loans and advances to customers	246,632	211,506
Placements and balances with other banks	4,463	6,999
Government securities held to maturity	104,591	69,419
	355,686	287,924
8. INTEREST AND SIMILAR EXPENSES		
Deposits from customers		
- Saving deposits	8,676	5,350
- Current accounts	6,381	579
- Time deposits	8,505	3,017
Deposits due to other banks	1,255	402
Borrowing	1,076	-
	25,893	9,348
9. (a) NET FEES AND COMMISSION INCOME (GROUP)		
Fees and commission income		
Credit related fees and commissions	28,047	15,455
Government service fees	4,572	5,811
Maintenance fees	17,778	15,258
Teller withdrawal fees	5,926	6,019
ATM fees and card issuing	20,907	20,558
Commission - mobile banking	5,215	5,352
Other fees	15,834	15,748
	98,279	84,201
Fees and commission expense		
Financial charges	(6,000)	(3,639)
	92,279	80,562
9 (b) NET FEES AND COMMISSION INCOME (BANK)		
Fees and commission income		
Credit related fees and commissions	28,047	15,455
Government service fees	4,572	5,811
Maintenance fees	17,778	15,258
Teller withdrawal fees	5,926	6,019
ATM fees and card issuing	20,907	20,558
Commission - mobile banking	5,215	5,352
Other fees	15,933	15,748
	98,378	84,201
Fees and commission expense		
Financial charges	(6,000)	(3,639)
	92,378	80,562

GROUP AND BANK		
	2013	2012
	TZS' Millions	TZS' Millions
10. FOREIGN EXCHANGE INCOME		
Foreign currency trading	8,378	9,086
11. OTHER INCOME		
Miscellaneous income	6,522	1,178
Rental income	45	50
Profit on sale of property and equipment	79	74
	6,646	1,302
12. EMPLOYEE BENEFIT EXPENSES		
Salaries and allowances	63,991	47,344
Pension costs - defined contribution plan	8,515	6,869
Other emoluments	27,169	21,742
	99,675	75,955
13 (a) GENERAL AND ADMINISTRATIVE EXPENSES (GROUP)		
Administrative expenses	72,645	61,002
Management contract expenses	2,838	4,468
Travelling expenses	7,874	5,689
Repairs and maintenance	23,095	17,192
Auditors' remuneration	375	356
Directors' remuneration:	-	-
-Fees	102	87
-Others	111	234
Other expenses	1,182	10,163
	108,222	99,191
13 (b) GENERAL AND ADMINISTRATIVE EXPENSES (BANK)		
Administrative expenses	72,645	61,002
Management contract expenses	2,838	4,468
Travelling expenses	7,874	5,689
Repairs and maintenance	23,095	17,192
Auditors' remuneration	375	356
Directors' remuneration:	-	-
-Fees	102	87
-Others	111	234
Other expenses	1,013	10,084
	108,053	99,112
14. DEPRECIATION AND AMORTISATION		
Depreciation of property and equipment (Note 24)	16,504	18,595
Amortisation of intangible assets (Note 25)	1,066	5,272
	17,570	23,867

15	INCOME TAX	GROUP AND BANK	
		2013 TZS' Millions	2012 TZS' Millions
	(a) Expense		
	Tax expense for the year is arrived at as follows:		
	Current income tax - current year	60,403	53,265
	Current income tax - (over)/under provision in prior year	(1,300)	5,918
	Deferred income tax - current year (Note 26)	(3,698)	(9,613)
	Deferred income tax - under provision in prior year (Note 26)	(1,180)	(2,230)
		54,225	47,340
	The tax on the Bank's profit differs from the theoretical amount that would arise using the statutory income tax rate as follows:		
	Profit before income tax	188,131	144,741
	Tax calculated at the statutory income tax rate of 30% (2012:30%)	56,439	43,422
	Tax effect of:		
	Depreciation on non-qualifying assets	310	86
	Expenses not deductible for tax purposes	(44)	162
	Income not subject to tax	-	(18)
	(Under)/over provision of deferred tax and current income tax in prior year	(2,480)	3,688
		54,225	47,340
	Income tax expense	54,225	47,340
15.	(b) Tax recoverable/ (payable)		
	At start of the year	(6,015)	3,546
	Current year tax liability	(59,103)	(59,183)
	Tax Paid	67,431	49,622
		2,313	(6,015)
	Tax recoverable/(payable)	2,313	(6,015)
16.	(a) EARNINGS PER SHARE (GROUP)		
	The calculation of the basic earnings per share was based on the net profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the year, calculated as follows:		
		2013 TZS' Millions	2012 TZS' Millions
	Net profit attributable to shareholders	133,638	97,290
	Weighted average number of shares in issue in millions (Note 30)	500	500
	Basic and diluted earnings per share	267.28	194.58
16.	(b) EARNINGS PER SHARE (BANK)		
	Net profit attributable to shareholders	133,906	97,401
	Weighted average number of shares in issue in millions (Note 30)	500	500
	Basic and diluted earnings per share	267.81	194.80

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

17. DIVIDEND PER SHARE

Dividends are not recognised as a liability until they have been ratified at the Annual General Meeting. The Directors propose payment of a dividend of TZS 90 per share, amounting to TZS 45 million out of 2013 profit. In 2012, dividend of TZS 68 per share, amounting to TZS 34,000 million was approved and paid.

18. CASH AND BALANCES WITH BANK OF TANZANIA

	GROUP AND BANK	
	2013 TZS' Millions	2012 TZS' Millions
Cash in hand	218,133	185,043
Balances with Bank of Tanzania		
- local currency	13,895	70,060
- foreign currency	3,525	11,978
Statutory Minimum Reserves (SMR)	309,755	254,577
	545,308	521,658

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 31). Cash in hand and balances with Bank of Tanzania are non-interest bearing.

19. PLACEMENTS AND BALANCES WITH OTHER BANKS GROUP AND BANK

	2013 TZS' Millions	2012 TZS' Millions
Placement with local banks	81,543	144,507
Balances with banks abroad	63,572	46,611
Cheques and items for clearing from other banks	8,262	11,944
	153,377	203,062

20. LOANS AND ADVANCES TO CUSTOMERS

Retail customers		
MSE customers	139,901	121,524
Consumer loans	892,249	721,110
	1,032,150	842,634
Corporate Entities		
Large Corporate Entities	243,646	199,012
SMEs	190,570	159,920
Overdrafts	186,063	174,421
	620,279	533,353
Gross loans and advances to customers	1,652,429	1,375,987
Less: allowance for impairment	(38,137)	(30,055)
Net loans and advances to customers	1,614,292	1,345,932

21. INVESTMENT SECURITIES HELD-TO-MATURITY	GROUP AND BANK	
	2013 TZS' Millions	2012 TZS' Millions
Analysis of loans and advances to customers by maturity		
Maturing:		
Within 1 year	593,408	544,239
Between 1 year and 5 years	883,883	742,023
Over 5 years	137,001	59,670
	1,614,292	1,345,932
The reconciliation of allowance account for losses on loans and Advances to customers are as follows;		
Balance at 1 January 2013	30,055	15,689
Increase in allowance for loan impairment	23,766	25,851
Write-offs	(15,684)	(11,485)
At 31 December 2013	38,137	30,055

The loan and advances to customers balance for the Group of TZS 1,606,357 exclude loan of TZS 7,935 million advanced to Upanga Joint Venture Company Limited a subsidiary of the Bank. The loan was neither past due nor impaired.

21. INVESTMENT SECURITIES HELD-TO-MATURITY	GROUP AND BANK	
	2013 TZS' Millions	2012 TZS' Millions
Treasury Bills and Bonds:		
Maturing within 91 days	190,235	161,896
Maturing after 91 days	603,534	428,476
	793,769	590,372
Recapitalisation bond	26,975	26,975
	820,744	617,347

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 14% (2012: 11.7%).

The movement in investment securities may be summarized as follows:

	2013 TZS' Millions	2012 TZS' Millions
At 1 January	617,347	361,943
Additions	609,636	723,840
Matured securities	(406,239)	(468,436)
At 31 December	820,744	617,347

22. (a) EQUITY INVESTMENTS (GROUP)

Investment at available for sale

Company name	2013 TZS' Millions	% Shareholding	2012 TZS' Millions	% Shareholding
Tanzania Mortgage Refinance Company Ltd (TMRC)	1,740	15.06	1,200	11.48
	1,740		1,200	

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

22. (b) EQUITY INVESTMENTS (BANK)

(i) Investment in a subsidiary and associate

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

Company name	2013 TZS' Millions	% Shareholding	2012 TZS' Millions	% Shareholding
Upanga Joint Venture Company Limited	10,630	32.64	7,642	32.00
Ohio Street Properties Limited	8,230	50.00	5,770	50.00
	18,860		13,412	

There are no contingent liabilities relating to the Bank's interest in the associates.

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

Summarised statement of financial position

	OSP LIMITED		UJVC LIMITED	
	2013 TZS Millions	2012 TZS Millions	2013 TZS Millions	2012 TZS Millions
Current				
Total current assets	25	24	9,502	5,177
Current liabilities	7	3	504	5,164
Total current net assets	18	21	8,998	13
Non Current				
Assets	16,308	11,538	28,929	15,680
Liabilities	-	-	7,935	-
Total non-current net assets	16,308	11,538	20,994	15,680
Net Assets	16,326	11,559	29,992	15,693

Summarised Statement of comprehensive income

	OSP LIMITED		UJVC LIMITED	
	2013	2012	2013	2012
	TZS	TZS	TZS	TZS
	Millions	Millions	Millions	Millions
Revenue	-	-	-	-
Administrative expenses	4	4	165	60
Operating expenses	-	1	99	1
Tax expense	-	-	-	-
Loss after tax	(4)	(5)	(264)	(61)
Allocated to Non- Controlling interest	(2)	(3)	(73)	(29)

Summarised Cash flows

	OSP LIMITED		UJVC LIMITED	
	2013	2012	2013	2012
	TZS	TZS	TZS	TZS
	Millions	Millions	Millions	Millions
Net cash used in operations	-	(6)	(600)	(2,333)
Net cash used in Investing activities	(4,769)	(9,622)	(12,132)	(11,615)
Net cash generated from financing activities	4,770	9,650	15,678	15,455
Net increase in cash and cash equivalents	1	22	2,946	1,507
Cash and cash equivalents at start of the year	23	1	1,709	203
Cash and cash equivalents at end of the year	24	23	4,655	1,710

(ii) Investment at Available for sale

Company name	2013	%	2012	%
	TZS' Millions	Shareholding	TZS' Millions	Shareholding
Tanzania Mortgage Refinance Company Ltd	1,740	15.06	1,200	11.48
	1,740		1,200	

	2013 TZS' Millions	2012 TZS' Millions
23. (a) OTHER ASSETS (GROUP)		
Service fees receivable	1,861	1,752
Prepayments	11,314	7,884
Other receivables	32,566	12,465
Staff imprest	111	322
Less: impairment provision for other receivables	(104)	(379)
	45,748	22,044
The movement in provision for impairment of other receivables is as follows:		
At start of the year	(379)	(161)
Release/(increase) of provision	275	(218)
At end of the year	(104)	(379)
23 (b) OTHER ASSETS (BANK)		
Service fees receivable	1,861	1,752
Prepayments	11,314	7,884
Other receivables	27,712	9,930
Staff imprest	111	322
Less: impairment provision for other receivables	(104)	(379)
	40,894	19,509
The movement in provision for impairment of other receivables is as follows:		
At start of the year	(379)	(161)
Release/(increase) of provision	275	(218)
At end of the year	(104)	(379)

24 (a) PROPERTY AND EQUIPMENT (GROUP)

	Owned Building TZS' Millions	Leasehold improvement TZS' Millions	Motor vehicles TZS' Millions	Computers, furniture and equipment TZS' Millions	Capital work in progress TZS' Millions	Total TZS' Millions
COST						
At 1 January 2012	20,877	10,270	4,311	58,481	13,621	107,560
Additions	118	244	-	5,974	27,403	33,739
Transfer from WIP	3,650	5,063	738	5,851	(15,302)	-
Write off	-	-	-	-	(152)	(152)
Transfer to intangible assets	-	-	-	-	(5,570)	(5,570)
At 31 December 2012	24,645	15,577	5,049	70,306	20,000	135,577
Additions	65	-	364	6,539	27,717	34,685
Transfer from WIP	3,060	5,166	2,165	4,176	(14,567)	-
Transfer to intangible assets	-	-	-	-	(310)	(310)
Adjustments	(13,990)	13,990	-	-	-	-
Disposal	-	-	(297)	(4,350)	-	(4,647)
At 31 December 2013	13,780	34,733	7,281	76,671	32,840	165,305
DEPRECIATION						
At 1 January 2012	6,871	3,773	3,022	33,000	-	46,666
Charge for the year	674	3,252	534	14,135	-	18,595
Eliminated on disposal	-	-	-	-	-	-
At 31 December 2012	7,545	7,025	3,556	47,135	-	65,261
Charge for the year	1,542	2,690	988	11,284	-	16,504
Adjustment	(7,149)	7,149	-	-	-	-
Eliminated on disposal	-	-	(270)	(4,230)	-	(4,500)
At 31 December 2013	1,938	16,864	4,274	54,189	-	77,265
NET BOOK VALUE						
At 31 December 2012	17,100	8,552	1,493	23,171	20,000	70,316
At 31 December 2013	11,842	17,869	3,007	22,482	32,840	88,040

No property and equipment has been pledged as security for liabilities.

24. (b) PROPERTY AND EQUIPMENT (BANK)	Owned Building TZS' Millions	Leasehold improvement TZS' Millions	Motor vehicles TZS' Millions	Comput- ers, furni- ture and equipment TZS' Millions	Capital work in progress TZS' Millions	Total TZS' Millions
COST						
At 1 January 2012	20,877	10,270	4,311	58,481	11,532	105,471
Additions	118	244	-	5,974	13,746	20,082
Transfer from WIP	3,650	5,063	738	5,851	(15,302)	-
Write off	-	-	-	-	(152)	(152)
Transfer to intangible assets	-	-	-	-	(5,570)	(5,570)
At 31 December 2012	24,645	15,577	5,049	70,306	4,254	119,831
Additions	65	-	364	6,539	14,533	21,501
Transfer from WIP	3,060	5,166	2,165	4,176	(14,567)	-
Transfer to intangible assets	-	-	-	-	(310)	(310)
Adjustments	(13,990)	13,990	-	-	-	-
Disposal	-	-	(297)	(4,350)	-	(4,647)
At 31 December 2013	13,780	34,733	7,281	76,671	3,910	136,375
DEPRECIATION						
At 1 January 2012	6,871	3,773	3,022	33,000	-	46,666
Charge for the year	674	3,252	534	14,135	-	18,595
Eliminated on disposal	-	-	-	-	-	-
At 31 December 2012	7,545	7,025	3,556	47,135	-	65,261
Charge for the year	1,542	2,690	988	11,284	-	16,504
Adjustment	(7,149)	7,149	-	-	-	-
Eliminated on disposal	-	-	(270)	(4,230)	-	(4,500)
At 31 December 2013	1,938	16,864	4,274	54,189	-	77,265
NET BOOK VALUE						
At 31 December 2012	17,100	8,552	1,493	23,171	4,254	54,570
At 31 December 2013	11,842	17,869	3,007	22,482	3,910	59,110

No property and equipment has been pledged as security for liabilities.

25. INTANGIBLE ASSETS	GROUP AND BANK Computer software	
	2013 TZS' Millions	2012 TZS' Millions
Movement during the year		
At start of the year	1,226	846
Additions	238	82
Transfer from WIP (Note 24)	310	5,570
Amortisation	(1,066)	(5,272)
At end of year	708	1,226
At 31 December		
Cost	12,425	11,877
Accumulated amortisation	(11,717)	(10,651)
Net book value	708	1,226

26. DEFERRED INCOME TAX (GROUP AND BANK)

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

	2013 TZS' Millions	2012 TZS' Millions
At start of year	17,962	6,119
Credit to profit and loss:		
Under provision in prior year (Note 15(a))	3,698	9,613
Deferred income tax-current year (Note 15(a))	1,180	2,230
At the end of year	22,840	17,962

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

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

	1 January 2012 TZS' Millions	Credited to profit and loss TZS' Millions	31 December 2012 TZS' Millions
Deferred income tax asset			
Property and equipment	2,756	1,879	4,635
Provisions	3,363	9,964	13,327
	6,119	11,843	17,962

27. (a) DEPOSITS FROM CUSTOMERS (GROUP)	2013 TZS' Millions	2012 TZS' Millions
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Deposits due to customers are composed of the following;

Current accounts	1,313,982	1,123,515
Personal accounts	1,191,448	1,076,908
Time deposit accounts	72,516	87,651
	2,577,946	2,288,074

27. (b) DEPOSITS FROM CUSTOMERS (BANK)

Current accounts	1,318,661	1,125,420
Personal accounts	1,191,448	1,076,908
Time deposit accounts	72,516	87,651
	2,582,625	2,289,979

28. (a) OTHER LIABILITIES (GROUP)

Accrued expenses	23,820	30,015
Refundable deposits	6,119	8,639
Bills payable	3,054	3,433
Provision for fraud losses	-	2,319
Sundry liabilities	38,631	23,343
	71,624	67,749

28. (b) OTHER LIABILITIES (BANK)

Accrued expenses	23,820	30,015
Refundable deposits	6,119	8,639
Bills payable	3,054	3,433
Provision for fraud losses	-	2,319
Sundry liabilities	37,561	24,189
	70,554	68,595

GROUP AND BANK		
	2013	2012
	TZS' Millions	TZS' Millions
29. PROVISIONS		
Provision for losses from legal cases	3,450	1,872
	3,450	1,872
Movement during the year		
At start of year	1,872	854
Increase in provision	1,578	1,018
At end of year	3,450	1,872
30. CAPITAL AND RESERVES		
(i) Share capital		
Authorised		
625,000,000 ordinary shares of TZS 40 each	25,000	25,000
Called up and fully paid		
500,000,000 ordinary shares of TZS 40 each	20,000	20,000
	20,000	20,000

(ii) Retained earnings

Retained earnings consist of undistributed profits from previous years

(iii) Regulatory reserve

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

GROUP AND BANK		
	2013	2012
	TZS' Millions	TZS' Millions
31. CASH AND CASH EQUIVALENTS		
Cash and balances with Bank of Tanzania (Note 18)	545,308	521,658
Less: Statutory Minimum Reserves (Note 18)	(309,755)	(254,577)
Placement and balances with other banks (Note 19)	153,377	203,062
	388,930	470,143

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 91 days maturity from the date of acquisition including: cash and balances with Bank of Tanzania and Placement with other

banks. Cash and cash equivalents exclude the cash reserve requirement held with the Bank of Tanzania.

32. (a) NOTE TO THE STATEMENT OF CASH FLOWS (GROUP)

	2013	2012
	TZS' Millions	TZS' Millions
Operating activities		
Profit before taxation	187,863	144,662
<i>Adjustment for:</i>		
Depreciation and amortization	17,570	23,867
(Gain)/loss on disposal of fixed assets	(153)	78
	205,280	168,607
<i>Movement in working capital:</i>		
Increase in Statutory Minimum Reserve	(55,178)	(47,580)
Increase in Government securities	(203,397)	(344,862)
Increase in loans and advances to customers	(260,425)	(222,414)
Increase in other assets	(23,704)	(12,847)
Increase in deposits from customers	289,872	483,579
(Decrease)/increase in loans received from other banks	(66,577)	40,687
Increase in other liabilities	3,875	20,087
Increase in provisions	1,578	1,018
Cash (used in)/generated from operations	(108,676)	86,275

32. (b) NOTE TO THE STATEMENT OF CASH FLOWS (BANK)

Operating activities		
Profit before taxation	188,131	144,741
<i>Adjustment for:</i>		
Depreciation and amortization	17,570	23,867
(Gain)/loss on disposal of fixed assets	(153)	78
	205,548	168,686
<i>Movement in working capital:</i>		
Increase in Statutory Minimum Reserve	(55,178)	(47,580)
Increase in Government securities	(203,397)	(344,862)
Increase in loans and advances to customers	(268,360)	(222,414)
Increase in other assets	(21,385)	(10,821)
Increase in deposits from customers	292,646	485,280
(Decrease)/increase in loans received from other banks	(66,577)	40,687
Increase in other liabilities	1,959	20,227
Increase in provisions	1,578	1,018
Cash (used in)/generated from operations	(113,166)	90,221

33. FINANCIAL INSTRUMENTS BY CATEGORY

	Loans and receivables	Held to ma- turity	Available for sale	Total
	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions
31 December 2013				
Financial assets				
Cash and balances with Bank of Tanzania	545,308	-	-	545,308
Investment securities	-	820,744	-	820,744
Placement and balances with other banks	153,377	-	-	153,377
Loans and advances to customers	1,614,292	-	-	1,614,292
Available for sale investment	-	-	1,740	1,740
Other assets (excluding prepayment*)	29,580	-	-	29,580
	2,342,557	820,744	1,740	3,165,041
Financial liabilities				
			Financial liabilities at amortised cost	
Deposits from customers				2,582,625
Deposits from banks				6,080
Borrowings				160,811
Other liabilities(Excluding non-financial other liabilities)*				3,054
				2,752,570

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

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

	Loans and receivables	Held to maturity	Available for sale	Total
	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions
31 December 2012				
Financial assets				
Cash and balances with Bank of Tanzania	521,658	-	-	521,658
Investment securities held-to-maturity	-	617,347	-	617,347
Placement and balances with other banks	203,062	-	-	203,062
Loans and advances to customers	1,345,932	-	-	1,345,932
Available for sale investment	-	-	1,200	1,200
Other assets (excluding prepayment)*	11,525	-	-	11,525
	2,082,177	617,347	1,200	2,700,724

Financial liabilities	Financial liabilities at amortised cost
Deposits from customers	2,289,979
Deposits from banks	72,657
Other liabilities (Excluding non-financial other liabilities)*	68,595
	2,431,231

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

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

34. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Loan commitments guarantee and other financial facilities

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

As at 31 December 2013, 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:-

	2013 TZS' Millions	2012 TZS' Millions
Commitments		
Guarantees and Indemnities	4,468	-
Undrawn Commitments	76,490	39,734
Acceptances and letters of credit	73,220	82,951
	154,178	122,685

Acceptances and letters of credit

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

(b) Legal claims

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

(c) Capital commitment

As at 31 December 2013, the Bank had capital commitments of TZS 73,830 million (2012: TZS 56,976 million) in respect of new branches, branch remodelling, equipment and information technology. The expenditure contracted as at the end of reporting period but not yet incurred is as follows:

	2013 TZS' Millions	2012 TZS' Millions
Information technology	28,613	14,952
New branches	5,292	5,800
Branch and business centres remodelling	24,960	23,730
Others including equipment, vehicles and furniture	8,614	12,494
	67,479	56,976

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

(d) Operating lease commitments

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

	2013 TZS' Millions	2012 TZS' Millions
Not later than 1 year	8,001	4,754
Later than 1 year and no later than 5 years	6,046	9,430
Later than 5 years	12,758	6,913
Total	26,805	21,097

35 EFFECTIVE INTEREST RATES OF FINANCIAL ASSETS AND LIABILITIES

The effective interest rates for the principal financial assets and liabilities at 31 December 2013 and 2012 were as follows:

	2013	2012
Government securities	13.2%	11.71%
Deposits with banking institutions	2.97%	3.68%
Loans and advances to customers	14.5%	16.23%
Customer deposits	0.29%	0.39%
Deposits from banks	2.6%	2.94%

36 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 2012 there were no loans issued to companies controlled by the Directors or their families. Advances to customers at 31 December 2013 include loans to key management personnel as follows:

	Key management personnel		Related companies	
	2013 TZS' Millions	2012 TZS' Millions	2013 TZS' Millions	2012 TZS' Millions
At start of year	830	580	-	-
Advanced during the year	320	342	7,935	-
Repaid during the year	(65)	(92)	-	-
At end of year	1,085	830	7,935	-
Interest income earned	52	48	114	-

No provisions have been recognised in respect of loans given to related parties (2012: Nil). Mortgage loans issued to key management were secured and the rest were unsecured. These loans carry off- market interest rates ranging between 5% and 9% and are repayable on demand.

(b) Deposits from related parties

	Directors and key management personnel		Related companies	
	2013 TZS' Millions	2012 TZS' Millions	2013 TZS' Millions	2012 TZS' Millions
Deposits at the beginning of the year	23	22	52,063	4,796
Deposits received during the year	830	865	932,110	226,243
Deposits repaid during the year	(843)	(864)	(994,440)	(178,976)
Deposits as at the end of the year	10	23	(10,267)	52,063
Interest expense	-	-	-	-

The above deposits are unsecured, carry variable interest rate and are repayable on demand. Related companies included in this disclosure are Rabobank, Upanga Joint Venture Company Limited and Ohio Street Properties Limited.

	2013 TZS' Millions	2012 TZS' Millions
(c) Key management compensation		
Salaries and other short-term benefits	1,016	919
Post-employment benefits	152	138

Key management personnel are described as those persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly. The compensation made to expatriates from Rabobank are included in the management service contract highlighted in part (d) below and therefore excluded in the above benefits.

(d) Transactions and balances with Rabobank

Based on the management service contract approved by the Board, a total of TZS 2,838 million (2012: TZS 4,468 million) was paid to Rabobank during the year as management and technical assistance expenses. Management fees payable as at year end was TZS1, 424 million (2012 TZS 1,477 million).

Nostro balances with Rabobank at year end amounted to TZS 17,202 million (2013: TZS 8,337 million). There was no inter-bank balance due to Rabobank as at year end.

(e) Transactions and balances with Government of Tanzania

The Government of Tanzania owns 31.8% equity in the Bank and has significant influence. The Bank invested in Government securities during the year and at the year end the amount receivable from the Government of Tanzania in the form of treasury bills and bonds amounted to TZS 820,744 million (2011: TZS 617,347 million). The Bank also accepts deposits from various Government institutions and agencies which do not attract interest.

(f) Directors' remuneration

Fees and other emoluments paid to Directors of the Bank during the period amounted to TZS 213 million (2012: TZS 321 million). Directors' attendance and remuneration list for the year 2013 is shown in the table below:-

DIRECTORS Wakurugenzi	Board Meeting Kamati ya Bodi	BHR &RC Kamati ya Rasilimali Watu	BARCC Kamati ya Ukaguzi, Athari na Utilifu	BCC Kamati ya Mikopo	BEC Kamati ya Dharura	13 TH AGM Mkutano Mkuu wa 13 wa Wanahisa	OFFSITE MEETING Mkutano nje ya ofisi	TRAININGS & ADHOC MEETINGS Mafunzo na Vikao nje ya Kamati	Directors Fee & Remuneration in (TZS) 2013 Malipo kwa Wakurugenzi wa Bodi kwa mwaka 2013 (TZS)
Prof. Joseph Semboja	6	-	-	-	-	1	1	-	22,356,250
Mr. Albert Jonkergouw	6	5	-	12	-	1	1	-	29,206,250
Mr. Jos Van Lange	5	-	3	-	-	-	1	-	21,856,250
Mr. Protase Tehingisa	6	5	-	14	-	1	1	2	30,706,250
Mrs. Margaret Ikongo	6	3	-	-	-	1	1	-	22,906,250
Mr. William Mlaki	6	-	4	13	-	1	1	2	30,456,250
Mr. Mike Laiser	5	5	4	-	-	1	1	3	26,156,250
Mrs. Anne Mbughuni	6	-	4	12	-	1	1	2	29,356,250

Note: Directors' fees and remuneration includes unpaid amounts as at 31 December 2013

Angalizo: Malipo kwa wakurugenzi wa bodi yamejumuishwa na ambayo hayajalipwa hadi tarehe 31 Disemba 2013

37. EVENTS AFTER REPORTING PERIOD

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





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14 Risk Report 2013 | Taarifa Ya Udhhibiti wa Athari 2013

INTRODUCTION

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

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

Continuity is a key objective for NMB. To guarantee this continuity, financial stability and a strong reputation are a prerequisite. NMB avoids risks which might endanger continuity or damage its business model. NMB has a tradition and culture of prudent risk policies. It is risk aware and utilises its scarce resources carefully and economically. This prudence is applied in making strategic decisions and executing them.

NMB aims for a **low risk profile**. Predictable and consistent financial results and solid balance sheet ratios are essential in this regard, which is, among others, expressed in a high objective for the Tier-1 capital ratio. Maintaining its reputation requires prudence, strong controls and immediate action on any shortcomings. The **low risk profile** should contribute to a greater stability of earnings. Such stability should be enhanced by preventive risk controls reducing the chance on occurrence of operational losses. A contributor to this is also the centralisation of some of the high risk back-office processes, particularly in the credit area.

UTANGULIZI

Azma ya NMB ni kuwa mbia wa huduma za kifedha anayependeleva zaidi nchini Tanzania. Lengo kubwa ni kutambua thamani ya mteja. Kama lengo la kimkakati, NMB inalenga kuongoza katika soko nchini. NMB inawajibika katika kuleta maendeleo endelevu ya kiuchumi. Wafanyakazi wake ni muhimu sana katika benki kufikia matarajio yake.

Kuthubutu kufanya biashara katika mazingira yenye hatari ya kupata hasara ni asili ya shughuli hizi. Kiwango cha hatari ya kupata hasara ambacho NMB iko tayari kukichukua- risk appetite- kinapangwa na menejimenti na kupitishwa na bodi, ambayo pia inakuwa na wajibu wa kudhibiti athari kupitia Kamati ya Bodi ya Ukaguzi, Kamati ya Kudhibiti Hasara na Kamati ya Uzingatiaji Sheria. Kauli ya *risk appetite* inatoa kanuni, malengo na vipimo vya jinsi ya kutumia rasilimali za NMB ambazo ni za gharama kubwa na haba, yaani: **mizania yake, mtaji wake na sifa yake**. Upeo wa kauli ya risk appetite, ambayo awali ulijikita tu kwenye mikopo, sasa pia unahusu athari katika utendaji kazi na masoko.

Uendelevu ni lengo muhimu sana kwa NMB. Uimara kifedha na sifa nzuri ni masharti ya lazima katika kuhakikisha uendelevu. NMB inaepuka mazingira ambayo yanaweza kuhatarisha uendelevu au kuvuruga mtindo wa biashara yake. NMB ina desturi na utamaduni wa kuwa na sera nzuri za kudhibiti athari. Benki ina ufahamu kuhusu hatari ya kupata hasara na inatumia rasilimali zake haba kwa umakini. Busara hii inatumika katika kufanya maamuzi ya kimkakati na utekelezaji wake.

NMB inalenga kuwa na **kiwango cha chini cha uwezekano wa kupata hasara**. Matokeo ya thabiti na yanayotabirika ya kifedha na uwiano mzuri wa mizania ni muhimu katika suala hili, ambao ni moja ya zilizoonyeshwa kwenye *Tier-1 capital ratio*. Ili kudumisha sifa yake inahitajika busara, udhibiti mzuri na hatua za haraka pale kunapojitokeza mapungufu yoyote. **Uwezekano mdogo wa hatari ya kupata hasara** lazima upelekee kuwapo kwa uthabiti mkubwa zaidi kwenye mapato. Uthabiti huu lazima uimarishwe kwa kuwepo kwa udhibiti ili kupunguza uwezekano wa matukio yanayosababisha hasara. Sambamba na hili ni hatua za kuweka shughuli nyeti hususan za mikopo kwenye kitengo kimoja.

RISK MANAGEMENT FRAMEWORK

Strategic framework

NMB's strategic framework is guided by our values and our mission to be the preferred Tanzanian financial service provider in both urban and rural areas.

Risk strategy

NMB desires to keep its strong and robust financials in order to safeguard its sustainability. Therefore, it does not wish to enter into risks which, within reasonable expectation, could endanger this.

NMB has a risk strategy aimed at continuity with special focus on:

- Safeguarding its identity and reputation
- Protection of profits and profit growth
- Maintaining solid balance sheet ratios

These three focus areas of the risk strategy are not stand-alone, but have a strong interdependence. Reputation is important to keep the trust of the customers and investors and is therefore essential to maintain healthy balance sheet ratios. In turn, solid balance sheet ratios support the profitability and simultaneously the trust and reputation.

Selective Risk Acceptance

In developing or designing new products and activities, NMB always considers the interest of the customer, as well as safeguarding NMB's reputation and the avoidance of sizeable losses. Approval of new products is only given by the Product Approval Committee. NMB operates in full awareness of its fiduciary duty towards its customer. NMB demands full Know Your Customer (KYC) compliance for adequate understanding of each customer, right from the time of opening of bank accounts to the point of accessing of other banking services including credits.

Risk Management and Measurement

Within NMB, the Enterprise Risk Management (ERM) methodology is being implemented to comprehensively manage and mitigate the bank's various (operating) risks to within acceptable limits of tolerance. It should be noted that this process is designed to manage rather than eliminate, the risk of failure to achieve bank's business objectives, and can only provide reasonable, and not absolute, assurance against material loss.

At the highest level, the Board of Directors acknowledges its overall responsibility for the process of risk management, as well as in reviewing its effectiveness. The Board approves the risk appetite, risk strategy, and risk policies along with the embedded limits.

The CEO, CRO and the rest of the Management Team are assisted by key advisory and governance committees such as the Loan Portfolio Quality Committee Management, Audit Risk & Compliance Committee, Asset and Liabilities

MFUMO USIMAMIZI WA KATIKA UDHIBITI WA ATHARI

Mfumo wa kimkakati

Mkakati wa NMB unaongozwa na maadili yetu na dhamira yetu ya kuwa mtoa huduma za kifedha anayependeleva zaidi nchini Tanzania kwenye maeneo ya mijini na vijijini.

Mkakati wa kudhibiti Athari

NMB inataka kutunza uimara wake wa kifedha ili kulinda uendelevu wake. Kwa hiyo, haitaki kuingia katika mazingira ambayo, ndani ya matarajio ya kuridhisha, yanaweza kuhatarisha uendelevu.

NMB ina mkakati wa kudhibiti athari kwa lengo la uendelevu inayolenga:

- Kulinda utambulisho na sifa yake
- Ulinzi wa faida na ukuaji wa faida
- Kuendeleza uimara wa uwiano wa mizania yake

Maeneo haya matatu yanayolengwa na mkakati wa kudhibiti athari hayasimami peke yake, bali yanategemeana sana. Sifa nzuri ya benki ni muhimu katika kufanya benki iaminike na wateja na hilo ni muhimu katika kudumisha uwiano mzuri wa mizania. Kwa upande mwingine, uwiano imara wa mizania unasaidia kupatikana kwa faida na wakati huo huo kufanya benki iamiiniwe na iwe na sifa nzuri.

Kukubalika kwa baadhi ya Athari

Katika kuendeleza au kubuni bidhaa na shughuli mpya, NMB kila wakati inafikiria maslahi ya mteja, na pia kulinda sifa ya benki na kuepuka hasara kubwa. Uidhinishaji wa bidhaa mpya hufanywa tu na Kamati ya Kuidhinisha Bidhaa. NMB inafanya kazi huku ikitambua wajibu wake wa kulinda uaminifu kwa mteja. NMB pia inamtaka mteja kuzingatia kikamilifu utaratibu wa kisheria wa Mfahamu Mteja Wako (KYC) ili kumjua vizuri kila mteja, tangu pale anapofungua akaunti mpaka pale anapoanza kupata huduma mbalimbali za benki ikiwa ni pamoja na mikopo.

Usimamizi na Upimaji wa Athari

Ndani ya NMB, tunafuata methodology inayotumika kusimamia kikamilifu na kupunguza hatari mbalimbali (za kiutendaji) zinazoweza kusababisha hasara katika viwango vinavyovumilika inayojulikana kama Enterprise Risk Management (ERM). Ikumbukwe kwamba utaratibu huu umewekwa ili kusimamia na si kuondoa, uwezekano wa benki kushindwa kufikia malengo yake ya kibiashara, na unaweza tu kutoa uhakika wa kuridhisha, na si kamili, dhidi ya uwezekano wa kupata hasara.

Katika ngazi ya juu, Bodi ya Wakurugenzi inatambua wajibu wake juu ya taratibu za udhibiti wa hatari ya kupata hasara, ikiwemo kuzipitia upya taratibu hizi kuona ufanisi wake. Bodi inaidhinisha kauli ya risk appetite, mkakati wa kudhibiti athari, na sera za kudhibiti athari pamoja na mipaka yake.

Afisa Mtendaji Mkuu, Afisa Mkuu wa Kudhibiti Athari na wengineo katika timu ya menejimenti wanasaidiwa na kamati muhimu za ushauri na utawala, kama vile Kamati ya Viwango kwenye Mikopo, Kamati ya Ukaguzi, Kamati ya Usimamizi na Kuzingatia Sheria, Kamati ya Rasilimali

Committee (ALCO), Product Approval Committee (PAC), Operational Risk Committee (OPSCO) and Credit Committees (CREDCO) to effectively implement the Bank's Risk Management Policies and Procedures. The Board, through the BARCC periodically reviews and evaluates the activities and effectiveness of the Bank's Overall Risk Management Function.

The Chief Risk Officer (CRO) is responsible for the day-to-day implementation of the risk policies within NMB and proper functioning of the bank's Independent Risk Management Function which identifies, monitors, measures and reports on the bank's various operating risks which include Credit Risk, Operational Risk, Product Approval, Compliance Risk, Liquidity Risk and Market Risk. All business lines at NMB are responsible for individually monitoring and mitigating their operating risks, and the independent Risk Management Function is responsible to individually checking the efficacy of these units' risk control mechanisms. The business line is owner of the risks within its area, while the Risk function acts as second line of defence and the Internal Audit of the bank as third line of defence.

In risk management risks are appropriately identified, evaluated and managed, considering the interrelationships between risks. This process happens on a continuous basis. Under this ERN framework, structured risk self-assessments have taken place on a recurring basis. Risk assessments consider both the likelihood of an event occurring as well as the impact the risk would have should one of such events occur.

Key System Developments in 2013

In order to further support processes, a few tools and initiatives were taken into consideration to further strengthen security and mitigate some risks. The risk management team developed a tool for automated credit decision making on micro finance loans (credit scoring), this tool is currently being rolled out in the organisation.

Moreover, there was centralisation on the monitoring and recovery of Salaried Workers Loans, one of the key retail products at the loan centre.

na Madeni (ALCO), Kamati ya Kuidhinisha Huduma (PAC), Kamati ya Athari katika Utendaji (OPSCO) na Kamati ya Mikopo (CREDCO), katika kutekeleza kwa ufanisi sera na taratibu za benki katika kudhibiti athari. Bodi, kupitia kamati yake ya Ukaguzi na Usimamizi (BARCC) mara kwa mara inapitia tena na kutathmini ufanisi wa shughuli za kusimamia athari kwa ujumla wake.

Afisa Mkuu wa Kudhibiti Athari (CRO) ana jukumu la kutekeleza sera za kudhibiti hatari ndani ya NMB na kusimamia mwenendo wa Mfumo Huru wa benki wa Kusimamia Udhhibiti wa Hatari ya Hasara ambao unatambua, unapima na kuripoti athari katika uendeshaji zikiwemo hatari hizi kwenye Mikopo, Utendaji, Kuidhinisha Bidhaa, Uzingatiaji wa Sheria, Ukwasi na Masoko.

Kila kitengo cha biashara kinawajibika kufuatilia na kuzuia athari kwenye shughuli zake, na Mfumo Huru wa Kusimamia Udhhibiti wa Hatari unawajibu wa kufuatilia ufanisi wa njia zinazotumiwa na vitengo hivi kudhibiti hatari. Kitengo ndicho kinawajibika na hatari zinazoweza kutokea kwenye shughuli zake, wakati mfumo huru wa kudhibiti hatari unakuwa ni kama kinga ya pili na kitengo cha Ukaguzi wa Hesabu ni kinga ya tatu.

Katika udhibiti wa athari mazingira hatarishi yanatambuliwa, yanatathminiwa na kusimamiwa, kwa kuangalia muingiliano kati ya hatari mbalimbali. Utaratibu hufanyika kwa mwendelezo. Kwa mfumo huu, utaratibu wa kujitathmini uliopangiliwa vizuri hufanyika mara kwa mara. Tathmini ya athari inaangalia uwezekano wa tukio kutokea na pia athari ambazo tukio linaweza kusababisha iwapo litatokea.

Uboreshaji wa Mifumo Muhimu mwaka 2013

Ili kuimarisha mifumo, hatua mbalimbali zilichukuliwa kuimarisha zaidi usalama na kukabili hatari. Timu ya udhibiti wa athari ilitengeneza mfumo unaojiendesha wenyewe kwa ajili ya kufanya maamuzi ya mikopo midogo midogo (viwango vya uwezo wa kukopesheka), mfumo huu sasa unaenezwa ili utumike kama mfumo rasmi sehemu zote ndani ya benki.

Pia, ufuatiliaji na urejeshwaji wa mikopo kwa kufanya makato kutoka kwenye mishahara ya wafanyakazi sasa unafanywa na kitengo kimoja, na hii ni moja ya bidhaa muhimu za reja reja kwenye kituo cha mikopo.

Executive Management | Menejimenti

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

Mark Wiessing alijiunga na NMB mwezi Disemba 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 Masharika, na Amerika ya Kusini. Bwana Wiessing alipata Shahada ya Uzamili ya Usimamizi wa biashara (MBA) kutoka Chuo Kikuu cha Georgia, nchini Marekani.



Mark Wiessing
Chief Executive Officer



Waziri Barnabas
Chief Financial Officer

Arjan Molenkamp joined NMB as CRB in January 2010. He was formerly the Director of Retail at Zanaco from March 2007. He has over 22 years banking experience and has worked with Rabobank in various positions since 1999. He previously also worked with Credit Lyonnais Bank and Fortis Bank. Mr. Molenkamp holds an Executive MBA in General Management from Erasmus University in the Netherlands.

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



Arjan Molenkamp
Chief Retail Banking

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 ni Mhasibu aliyethibitishwa (Certified Public Accountant).

**Charles Kazuka**

Chief Human Resources Officer

Charles Kazuka joined NMB as CHRO in December 2010. He was previously the Head of Human Resources for BP East Africa for three years and prior to that headed the Human Resources Department at Barclays Bank Tanzania Limited. He has extensive Human Resources experience having spent 12 years in Senior HR Management roles in Tanzania and West Africa. Mr. Kazuka holds a BA-Education degree from Makerere University and a post graduate diploma in Strategic Human Resources Management from Leicester University, UK.

Charles Kazuka alijiunga na NMB kama afisa Mkuu wa Rasilimali Watu tangu Disemba 2010. Awali alifanya kazi katika kampuni ya mafuta ya BP East Africa kwa miaka mitatu. Kabla ya hapo alikuwa anaongoza Idara ya Rasilimali Watu katika Benki ya Barclays Tanzania. Bwana Kazuka ana zaidi ya miaka 12 katika uongozi hapa Tanzania na Magharibi mwa Afrika. Pia ana Shahada ya Elimu kutoka Chuo Kikuu Cha Makerere na Diplomaya juu ya menejimenti ya kimkakati kutoka Leicester University, Uingereza.

Augustino Mbogella has over 18 years' experience of practice, training and consulting in internal audit, risk management and governance matters in East Africa and is a member of several professional association's boards and committees both locally and internationally. Previously he worked with PWC and East African Development Bank. He is a Certified Internal Auditor (CIA), Certified Control Self Assessments (CCSA) professional and Fellow Certified Public Accountant (FCPA). He holds an MBA from ESAMI and Maastricht School of Management and a B.Com (Accounting) degree from the University of Dar es salaam.

Augustino Mbogella ana uzoefu wa zaidi ya miaka 18 ya utendaji, ukufunzi na ushauri katika mambo ya ukaguzi wa ndani, usimamizi wa tahadhari and masuala ya utawala bora Afrika Mashariki na ni mwanachama na mjumbe wa Bodi na Kamati mbalimbali za taasisi za kitaalamu ndani na nje ya nchi. Amewahi kufanya kazi kwenye kampuni ya ukaguzi wa nje ya PWC na benki ya maendeleo ya Afrika Mashariki. ni Mkaguzi wa Ndani aliyedhibitishwa (CIA), pia ni Mwanataaluma mchambuzi wa mfumo ya uthibiti (CCSA) na ni Mwanachama wa Wahasibu Waliodhibitishwa (FCPA). Ana shahada ya juu ya Biashara (MBA) toka Chuo Kikuu cha ESAMI na Chuo Kikuu cha Maastricht na shahada ya Biashara (Uhasibu) ya Chuo Kikuu cha Dar es salaam.

**Augustino Mbogella**

Chief Internal Auditor

Aziz Chacha joined NMB as the bank's Treasurer in September 2011 from Barclays Bank Tanzania where he had worked as the Country Treasurer. He is an alumni of Inoorero University, Kenya and is the current Vice-President of the Tanzania's chapter of ACI- Financial Markets Association. He has a wealth of experience in treasury management and is a certified member of ACI-Financial markets head quartered in France.

Aziz Chacha alijiunga na NMB kama Mtunza Fedha wa Benki mwezi wa Septemba 2011 akitokea benki ya Barclays Tanzania ambapo alikuwa anafanya kazi kama MtunzaFedha. Ni mhitimu wa Chuo Kikuu cha Inoorero Kenya na kwa sasa hivi ni Makamu wa Rais wa Chama cha Masoko ya Fedha Tanzania (ACI). Pia ana ujuzi mkubwa wa mambo ya usimamizi wa fedha na ni mwanachama aliyedhibitishwa wa masoko ya Hisa (ACI) yenye makao makuu yake Ufaransa.

**Aziz Chacha**

Treasurer

Richard Makungwa joined NMB as a Head of Corporate Banking in 2006 and was subsequently appointed as Chief Wholesale Banking. He had previously worked with Citibank Tanzania and CRDB Bank where he held various positions in Operations and Corporate Banking where he accumulated a wealth of experience in wholesale banking business. Mr. Makungwa holds a Bachelor of Arts degree and MBA both from the University of Dar es Salaam and he also holds a Bachelor of Laws degree from Tumaini University.

Richard Makungwa alijiunga na NMB kama Mkuu wa huduma kwa Wateja Wakubwa na akateuliwa kuwa Afisa Mkuu wa Biashara ya Jumla. Kabla ya hapo alifanya kazi Citibank Tanzania na Benki ya CRDB alikoshika nafasi mbalimbali katika idara za Operesheni na Huduma kwa Wateja Wakubwa ambako alipata uzoefu mkubwa katika biashara ya jumla. Makungwa amehitimu shahada ya kwanza na shahada kwanza na shahada ya uzamili ya MBA zote kutoka Chuo Kikuu cha Dar es Salaam. Pia ana shahada ya kwanza ya Sheria, Bachelor of Laws ya Chuo Kikuu cha Tumaini.

**Richard Makungwa**

Chief Wholesale Banking

**Pete Novat**

Chief Information & Operating Officer

Pete Novat joined NMB as a Chief Information and Operations Officer (CIOO) in 2013. Before joining NMB, Mr. Novat was the Chief Information Officer (CIO) of National Bank of Commerce (NBC) where he worked for 9 years. Before joining NBC and before that he worked for Kinder Morgan and Sprint PCS in the USA where he was responsible for the delivery of larger projects and systems change at Kinder Morgan plants and Sprint PCS corporate offices of New Jersey, Texas City, New Orleans, Las Vegas and Houston respectively. He has over 11 years' experience in corporate leadership, programme management, Larger Project management and banking of which 7 years has been at Executive Management level. Pete holds a Bachelor's Degree in Electronics & Communication Science

Pete Novat alijiunga na NMB kama Afisa Mkuu wa TEHAMA na Operesheni (CIOO) mwaka 2013. Kabla ya kujiunga na NMB, Novat alikua Afisa Mkuu wa TEHAMA (CIO) wa Benki ya Taifa ya Biashara (NBC) ambako alifanya kazi kwa miaka 9. Kabla ya kujiunga na NBC, alifanya kazi Kinder Morgan na Sprint PCS nchini Marekani ambako alihusika na miradi mikubwa na kubadili mfumo kwenye ofisi za Kinder Morgan plants na Sprint PCS za New Jersey, Texas City, New Orleans, Las Vegas na Houston. Novat ana uzoefu wa zaidi ya miaka 11 katika uongozi wa makampuni, usimamizi wa programu, Usimamizi wa Miradi Mikubwa na masuala ya kibenki, ambapo kwa miaka 7 kati ya hiyo amekuwa kwenye nafasi za Juu za Menejimenti. Pete ana shahada ya kwanza katika Umeme na Sayansi ya Mawasiliano.



Tom Borghols
Chief Risk Officer

Tom Borghols joined NMB in 2013 as a Chief Risk Officer. He is responsible of Credits; Special Assets; Operational, Market, IT and Fraud Risk and Compliance. He also heads the recently established Loan Centre where the centralised processing of loans takes place. Tom has over 30 years banking experience having worked with ABN AMRO Bank, Fortis Bank and Rabobank. Over the course of 30 years' experience, he has held positions in the commercial and in the risk area, both in corporate and in retail banking. Working his way up from Relationship Manager to Branch Manager and Country Manager, Tom started his career in his native Netherlands and moved to Curacao in the Caribbean, and then to Kenya, Rwanda and Zambia. He worked with the Bank Populaire du Rwanda, thereafter was appointed to position of Director Risk at Zambia National Commercial Bank (ZANACO).

Tom holds a Bachelor Degree in International Law.

Tom Borghols alijiunga na NMB mwaka 2013 kama Afisa Mkuu Udhhibiti wa Hasara. Ana wajibu kwenye Mikopo, Raslimali Maalum, Operesheni, Masoko, TEHAMA na Hatari ya Uhalifu na Uzingatiaji Sheria. Pia anaongoza Kituo cha Mikopo kilichoanzishwa hivi karibuni ambapo mchakato wa kutayarisha mikopo yote unafanyika. Tom ana zaidi ya miaka 30 ya kufanya kazi katika benki, amefanya kazi na Benki ya ABN AMRO, Benki ya Fortis na Rabobank. Amewahi kushika nafasi mbalimbali kwenye maeneo ya biashara na udhibiti wa hasara, kwenye upande wa kuhudumia wateja wakubwa na wateja wa reja reja. Alianzia ngazi ya Meneja Mahusiano akapanda mpaka Meneja wa Tawi na baadae Meneja Nchi. Tom alianza shughuli za kibenki kwenye nchi yake ya asili ya Uholanzi baadaye akahamia Curacao kwenye Visiwa vya Caribbean, kabla ya kwenda Kenya, Rwanda na Zambia. Alifanya kazi na Bank Populaire du Rwanda, na baadae kuteuliwa kama Mkurugenzi wa Udhhibiti wa Athari wa Zambia National Commercial Bank (ZANACO).

Tom ana shahada ya kwanza ya Sheria za Kimataifa (International Law).

Key Management Committees

Kamati za Menejimenti

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Assets & Liabilities Committee

The objective of the Asset and Liability Committee (ALCO) is to achieve sustainable and stable profits for NMB within a framework of acceptable financial risks and controls. The Committee is authorized to manage the balance sheet and financial risks of the businesses within prescribed policies and limits. It is also authorized to delegate day-to-day management of Asset Liability Management (ALM) functions to individuals.

Credit Committees (Loan Portfolio Quality, Wholesale and Retail)

The credit committees were established to ensure the prudent management of the extension of credit facilities to customers, in accordance with the credit risk policies and procedures applicable to NMB.

Management Risk and Compliance Committee

The objective of the Management Risk and Compliance Committee is to ensure that the areas of high risk from regulators, compliance risk and audit reports are addressed in time to improve the risk management and controls in the bank.

Executive Management Team

The objective of the Executive Management Team is to steer and oversee the management of the bank at all levels. The Committee has the mandate to formulate the bank's strategy and vision for implementation by various departments, & recommend the strategy and vision for Board approval.

Management Human Resources Disciplinary Committee

The objective of the Management Human Resources Disciplinary Committee (MHRDC) is to ensure fairness in the implementation of the disciplinary code to staff, especially in cases of gross misconduct. The Committee has the mandate to adjudicate cases of alleged misconduct by a staff member brought to its attention, with particular reference to the requirements of the labour laws of Tanzania.

If the employee is aggrieved with the decision of the MHRDC they can appeal to the Disciplinary Appeals Committee. The Committee is mandated to hear the appellant's grounds of appeal and evaluate the merits in the context of the available information.

Kamati ya Mali na Dhima

Lengo la Kamati ya Mali na Dhima (ALCO) ni kufikia ukuaji imara na faida endelevu ya NMB katika muda mwafaka na ndani ya kiwango kinachokubalika cha tahadhari za kifedha na udhibiti. Kamati hii imeruhusiwa kusimamia mizania ya benki na tahadhari za kibiashara ndani ya sera elekezi na viwango vilivyiwekwa. Pia inaruhusiwa kukabidhi kazi za usimamizi wa Mali na Dhima (ALM) za kila siku kwa watu binafsi.

Kamati ya Mikopo (Ubora wa Mikopo mikubwa ya Jumla na Midogo)

Kamati hii ilianzishwa ili kuhakikisha kuwa kuna usimamizi mzuri wa utoaji mikopo kwa wateja, kulingana na sera ya tahadhari za mikopo na taratibu zilizokubalika NMB.

Kamati ya Usimamizi Athari na Utilifu

Lengo la kamati ya usimamizi wa athari na utilifu ni kuhakikisha kuwa maeneo yote yenye athari kubwa kwa mujibu wa wadhibiti, watilifu wa athari na ripoti za wakaguzi yanashughulikiwa kwa muda muafaka ili kuboresha usimamizi wa athari zinazoweza kutokea kwenye benki.

Kamati ya Utendaji

Lengo la Kamati ya Utendaji na Usimamizi ni uongozi chanya na kusimamia benki katika ngazi zote. Kamati hii imepewa uwezo kutengeneza mkakati wa benki na mwelekeo wa utekelezaji wa idara mbalimbali na kutoa mapendekezo ya mkakati na mwelekeo kwa ajili ya kupitishwa na Bodi.

Kamati ya Nidhamu ya Rasilimali Watu

Lengo la Kamati ya Nidhamu ya Rasilimali Watu (MHRDC) ni kuhakikisha kwamba kuna utendaji wa haki katika kushughulikia masuala ya nidhamu kwa wafanyakazi hasa kwenye kesi za uvunjifu mkubwa wa nidhamu. Kamati hii ina nguvu ya kuingilia kati kesi za tuhuma za uvunjifu wa nidhamu kwa mfanyakazi ambazo zimeletwa kwao kwa ajili ya kusuluhishwa kulingana na vipengele fulani vya sheria za kazi Tanzania.

Mfanyakazi asiporidhika na uamuzi wa MHRDC anaweza kuomba Kamati ya Nidhamu ya Rufaa iaangalie uamuzi huo tena. Kamati hii imepewa uwezo kusikiliza msingi wa mlalamika kukata rufaa na kupima vigezo kulingana na taarifa zilizotolewa.

Management Tender Committee (MTC)

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

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

Operational Risk Committee

The Operational Risk Committee is a standing committee involving Risk Department and Operations Department personnel and Management, whose main purpose is to serve as a forum to align and properly coordinate the actions and activities of the two departments with a view towards forging a better control environment and customer experience at NMB. The Committee has the authority to review the operation of branches and provide the necessary guidance to branches where required.

Product and Processes Approval Committee

The objective of the Product Approval Committee is to review and approve the commissioning or deployment of a new product and new operational processes.

The Committee has the mandate to approve and reject a request to commission or deploy a new product if it fails to meet the required standard.

Projects Committee

The objective of the Projects Committee is to ensure successful conclusion of the projects initiated and that they deliver value to the business. The Committee has the mandate to approve or reject a request to commission a project and has the authority to approve plans and authorize any necessary deviations from stage plans as well as allocate resources to the project.

Kamati ya Usimamizi wa Zabuni

Lengo la Kamati ya Usimamizi wa Zabuni ni kupitia, kutathmini na kupitisha manunuzi yote ya zaidi ya shilingi milioni 100. Kamati imepewa uwezo kuitana pale inapoonekana inafaa kupitisha manunuzi ya vitu, kazi na huduma zilizoko ndani ya viwango vyake kifedha.

Kamati ya Tahadhari za Kiutendaji

Kamati ya Tahadhari za Kiutendaji inashughulikia tahadhari za idara ya Tahadhari na Utendaji, Idara ya Rasilimali Watu na Usimamizi ambayo lengo lake kubwa ni kutoa huduma kama timu ya kunyoosha na kuunganisha vizuri utendaji na shughuli za idara hizo mbili kwa lengo la kuweka mazingira mazuri ya udhibiti na uzoefu wa wateja ndani ya NMB. Kamati ina uwezo wa kupitia utendaji wa matawi na kutoa muongozo kwa matawi inapohitajika.

Kamati ya Kupitisha Huduma na Taratibu za Kibenki

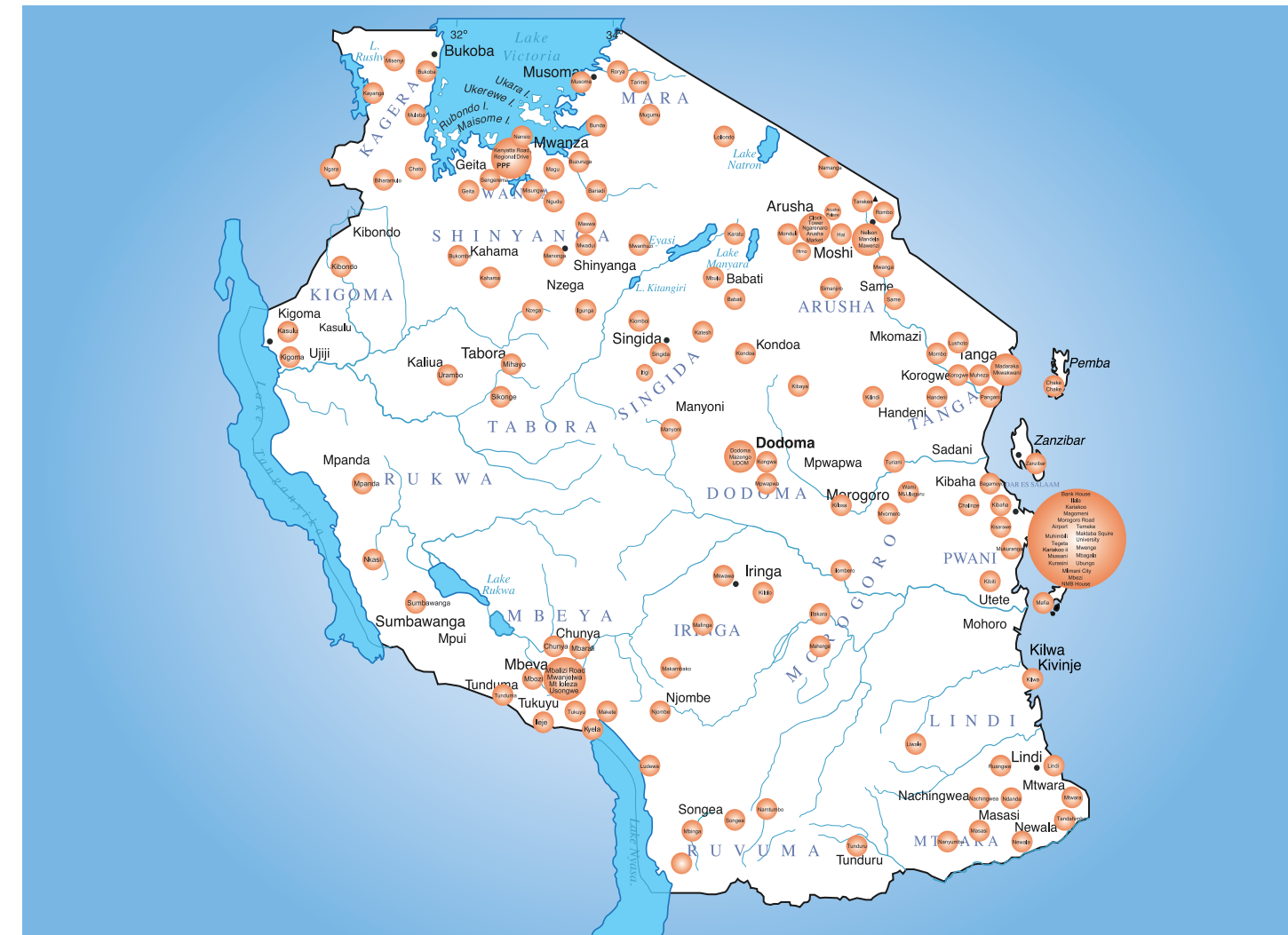
Lengo la Kamati ya Kupitisha Huduma na Taratibu za Kibenki ni kupitia na kupitisha uanzishaji wa huduma mpya na taratibu zake za uendeshaji. Kamati hii ina mamlaka ya kupitisha au kukataa maombi ya kuanzisha mazao/huduma mpya kama hazitakidhi kiwango kinachotakiwa.

Kamati ya Miradi

Lengo la Kamati ya Miradi ni kuhakikisha ufanikishaji wa miradi iliyoanzishwa ili ilete faida kibiashara. Kamati hii imepewa mamlaka ya kupitisha au kukataa mradi uliopendekezwa na inaweza kupitisha mipango na marekebisho yoyote juu ya mradi na kuwekeza rasilimali zinazohitajika kwenye mradi.

Distribution Network | Mtandao wa Huduma

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18 Annual General Meeting Notice 2014

Taarifa ya Mkutano Mkuu wa Mwaka 2014

NOTICE OF THE 14th ANNUAL GENERAL MEETING OF THE MEMBERS OF NATIONAL MICROFINANCE BANK (NMB) PLC

Notice is hereby given that the 14th Annual General Meeting of NMB shareholders will be held at the Julius Nyerere International Convention Centre in Dar es Salaam on Saturday, 7th June, 2014 at 10.00 a.m. The agenda will be as follows:

- 14.1 NOTICE AND QUORUM
- 14.2 ADOPTION OF THE AGENDA
- 14.3 CONFIRMATION OF THE MINUTES OF THE 13TH ANNUAL

GENERAL MEETING HELD ON 1ST JUNE 2013

- 14.4 MATTERS ARISING FROM THE PREVIOUS MINUTES
- 14.5 TO RECEIVE, CONSIDER AND ADOPT THE DIRECTORS' REPORT AND

AUDITED FINANCIAL STATEMENTS FOR YEAR ENDED 31st DECEMBER 2013

- 14.6 DIVIDEND DECLARATION FOR THE FINANCIAL YEAR 2013
- 14.7 TO RECEIVE AND APPROVE THE PROPOSAL FOR DIRECTORS' REMUNERATION

REMUNERATION

- 14.8 RESIGNATION AND APPOINTMENT OF DIRECTORS
- 14.9 TO RECEIVE AND APPROVE APPOINTMENT OF EXTERNAL AUDITORS FOR THE FINANCIAL YEAR 2014
- 14.10 ANY OTHER BUSINESS

IMPORTANT NOTES

1. Members wishing to attend the meeting must come with one of the following: a copy of his/her depository receipt, passport, voters ID card or bank card.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his/her behalf in accordance with the provisions of the Articles

TAARIFA YA MKUTANO MKUU WA 14 WA WANAHISA WA BENKI YA NATIONAL MICROFINANCE BANK (NMB) PLC

Taarifa inatolewa kwamba Mkutano Mkuu wa 14 wa wanahisa wa NMB utafanyika katika ukumbi wa Julius Nyerere International Convention Centre, Dar es Salaam saa 4 asubuhi siku ya Jumamosi, Juni 7, 2014. Agenda itakuwa kama ifuatavyo:

- 14.1 MATANGAZO NA AKIDI
- 14.2 KUPITISHA AJENDA ZA MKUTANO
- 14.3 KUTHIBITISHA KUMBUKUMBU ZA MKUTANO MKUU WA 13 ULIOFANYIKA

TAREHE 1 JUNI 2013

- 14.4 YATOKANAYO NA MKUTANO WA 13 WA WANAHISA
- 14.5 KUPOKEA, KUJADILI NA KUPITISHA RIPOTI YA WAKURUGENZI NA TAARIFA

ZA FEDHA KWA MWAKA ULIOISHIA 31 Disemba 2013

- 14.6 KUIDHINISHA GAWIO KWA MWAKA UNAOISHIA 31 DISEMBA 2013
- 14.7 KUPOKEA NA KUIDHINISHA MALIPO YA WAKURUGENZI

MASLAHI

- 14.8 KUTEUA WAKURUGENZI
- 14.9 KUPOKEA NA KUTHIBITISHA UTEUZI WA WAKAGUZI WA HESABU KWA MWAKA UNAOMALIZIKA 31 DISEMBA 2014
- 14.10 MENGINEYO

MAELEZO MUHIMU

1. Mwanachama anayetarajia kuhudhuria Mkutano lazima aje na nakala yake ya risiti ya uwekezaji wa hisa (Depository receipt) au kitambulisho chake au kadi yake ya benki.
2. Mjumbe anayeruhusiwa kuhudhuria na kupiga kura kwenye Mkutano anaruhusiwa kuchagua mwakilishi kuhudhuria na kupiga kura kwa niaba yake kwa

of the Company. The proxy form must be deposited at the registered office of the company not later than 10.00 am Friday, 6th June 2014.

3. Members wishing to attend the meeting will have to attend at their own cost. Copies of annual report and proxy forms will be available in NMB branches.
4. Directors propose payment of a dividend of TZS 90 per share, amounting to TZS 45 billion to be appropriated out of 2013 profit. In 2012, a dividend of TZS 68 per share, amounting to TZS 34 billion was approved and paid.

Date of announcement of results: 9th May 2014

Shares trading cum dividend: 9th May 2014

Last day of trading cum-dividend: 28th May 2014

Shares start trading ex-dividend: 29th May 2014

Register Closing Date (Books Closure Date): 2nd June 2014

Payment of dividend: on or about 18th June 2014

By order of the Board.



Lilian R. Komwihangiro
Company Secretary

May 9th, 2014

kufuata /kuzingatia taratibu na Sheria za Kampuni kama zilizovorekebisha. Fomu ya uwakilishi lazima iwasilishwe kwenye ofisi iliyosajiliwa ya Kampuni kabla ya saa 4 asubuhi Ijumaa ya tarehe 6 Juni 2014.

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 90 kwa kila hisa, inayoleta jumla ya shilingi 45 bilioni kutokana na faida ya mwaka 2013. Mwaka 2012, gawio lilikuwa ni shilingi 68 kwa kila hisa, lililoleta jumla ya shilingi 34 bilioni zilizopitishwa na kulipwa.

Tarehe za kuzingatia:

Tarehe ya tangazo: 9 Mei 2014

Hisa kuuzwa pamoja na gawio : 9 Mei 2014

Mwisho wa hisa kuuzwa pamoja na gawio : 28 Mei 2014

Hisa kuanza kuuzwa bila gawio: 29 Mei 2014

Daftari la wanahisa kufungwa: 2 Juni 2014

Malipo ya gawio kwa wanahisa: kuanzia tarehe 18 Juni 2014

Kwa amri ya Bodi ya Wakurugenzi,



Lilian R. Komwihangiro
Katibu wa Kampuni

9 Mei 2014

PROXY

TO:

The Company Secretary
National Microfinance Bank PLC
NMB House
Azikiwe/Jamhuri Streets
P.O. Box 9213
Dar es Salaam

I/We, of
 being a fully paid up member/members of the NATIONAL MICROFINANCE BANK PLC and entitled to vote, hereby appoint
 of as my/our proxy, to vote for me/us and on my/our behalf
 at the 14th ANNUAL GENERAL MEETING of the Company to be held at the Julius Nyerere Convention Centre in Dar es Salaam on
 Saturday, 7th June 2014, and at any adjournment thereof.

Signed this day of 2014

Signature(s) of member (s).....

Note: A member entitled to attend and vote may appoint, in writing a proxy to act on his/her behalf, to attend, vote and speak instead of him/her. A proxy need not also be a member of the company.

UWAKILISHI

TO:

The Company Secretary
National Microfinance Bank PLC
NMB House
Azikiwe/Jamhuri Streets
P.O. Box 9213
Dar es Salaam

Mimi/Sisi wa
 Mjumbe/Wajumbe wa NATIONAL MICROFINANCE BANK PLC ambaye/ambao nimeruhusiwa/tumeruhusiwa
 kupiga kura, ninamchagua/tunamchagua wa
 kama Mwakilishi kupiga kura kwa niaba yangu/yetu kwenye MKUTANO MKUU WA KUMI NA NNE WA MWAKA wa kampuni
 utakaofanyika kwenye ukumbi wa Julius Nyerere Convention Centre, Dar es Salaam siku ya Jumamosi tarehe 7 Juni 2014, hata
 katika kuahirishwa kwake.

Imesainiwa tarehe siku ya 2014

Sahihi ya/za mwanachama/wanachama

Angalizo: Mwanachama anayeruhusiwa kuhudhuria na kupiga kura anaweza kuchagua, kwa maandishi mwakilishi kuhudhuria, kupiga kura na kuongea kwa niaba yake. Mwakilishi pia si lazima awe mjumbe wa kampuni.

Company Information | Taarifa za Kampuni

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Registered Office

National Microfinance Bank Plc
 NMB House
 Azikiwe/Jamhuri Streets
 P.O. Box 9213
 Dar es Salaam

Company Secretary & Legal Counsel

Lilian R. Komwihangiro
 National Microfinance Bank Plc – 5th Floor
 NMB House
 Azikiwe/Jamhuri Streets
 P.O. Box 9213
 Dar es Salaam

Auditors

Deloitte & Touche
 Certified Public Accountants (Tanzania)
 10th Floor, PPF Tower
 Corner of Ohio Street & Garden Avenue
 P.O Box 1559
 Dar es Salaam

Ofisi iliyosajiliwa

National Microfinance Bank Plc
 NMB House
 Azikiwe/Jamhuri Streets
 S.L.P 9213
 Dar es Salaam

Katibu wa Kampuni na Mwanasheria wa Benki

Lilian R. Komwihangiro
 National Microfinance Bank Plc – Ghorofa ya 5
 NMB House
 Mtaa wa Azikiwe/Jamhuri
 S.L.P 9213
 Dar es Salaam

Wakaguzi

Deloitte & Touche
 Certified Public Accountants (Tanzania)
 Ghorofa ya 5, PPF Tower
 Kona ya Ohio Street & Garden Avenue
 S.L.P 1559
 Dar es Salaam

BRANCH/UNIT	CONTACT ADDRESS	TEL. DIRECT	TEL. GENERAL	FAX NO.
Head Office	P.O. Box 9213, Dar es salaam	022 2161000	022 2161000	
Government Business	P.O. Box 9213, Dar es salaam	022 2161 157	022 2127362	
Foreign Exchange	P.O. Box 4887, Dar es salaam	022 2161157	022 2127362	
Money Markets	P.O. Box 4887, Dar es salaam	022 2161254	022 2161255	022 2161255
Business Banking	P.O. Box 4887, Dar es salaam	022 2161164	022 2161255	022 2424841
Corporate Banking	P.O. Box 4887, Dar es salaam	022 2161000	022 2161026	022 2124841
Personal Banking	P.O. Box 4887, Dar es salaam	022 2161000	022 2161450/1192	022 2124841
CSR & Public Relations	P.O. Box 4887, Dar es salaam	022 2161000	022 2161146	022 2124841
Institutional Banking	P.O. Box 4887, Dar es salaam	022 2161000	022 2161378	022 21244841
Transactional Banking	P.O. Box 4887, Dar es salaam	022 2161000	022 2161010	022 2124841
Alternative Channels	P.O. Box 4887, Dar es salaam	022 2161000	022 2161437	022 2124841
Dar es Salaam Zonal Office	P.O. Box 4887, Dar es salaam	022 2128684	022 2128685	022 2128687
Ofisi ya Kanda ya Dar es Salaam				
Central Zonal Office	P.O. Box 888, Dodoma	026 2322117	026 2322260	026 2321835
Ofisi ya Kanda ya Kati				
Eastern Zonal Office	P.O. Box 1066, Morogoro	023 2613479	023 2613511	023 2613600
Ofisi ya Kanda ya Mashariki				
Highland Zonal Office	P.O. Box 792, Mbeya	025 2502527	025 2504347	025 2502853
Ofisi ya Kanda ya Nyanda za Juu				
Lake Zonal Office	P.O. Box 1580, Mwanza	028 2501050	028 2500867	028 2500691
Ofisi ya Kanda ya Kanda ya Ziwa				
Northern Zonal Office	P.O. Box 1256, Arusha	027 2508079	027 2508516	027 2548275
Ofisi ya Kanda ya Kaskazini				
Southern Zonal Office	P.O. Box 625, Mtwara	023 2333329	023 2334020	023 2333667
Ofisi ya Kanda ya Kusini				
Western Zonal Office	P.O. Box 681, Tabora	026 2606423	026 2606424	026 2606425
Ofisi ya Kanda ya Magharibi				

As NMB Values encourage compliance and integrity above all, we also encourage on staff members, customers, or other stakeholders to raise any concerns, inappropriate practices of any nature through our whistle blowing channels.

1. Through NMB website <http://www.nmbtz.com>
2. You can confidentially send your concerns to the CEO:

By post:

Attn to CEO [envelope marked "strictly private and confidential"]

NMB Head Office,
P. O. Box 9213,
Azikiwe/Jamhuri Street,
Dar es Salaam, Tanzania.

3. **Through Email:** whistleblowing@nmbtz.com

4. **By calling the following Toll Free Phone Numbers, for those who would wish to call:**

- i. 0658 751 000 -Tigo
- ii. 0779751 000 - Zantel
- iii. 0685 751 000 - Airtel
- iv. 0800 751 000 - Vodacom

Mwongozo wa NMB unahamasisha masuala ya uaminifu na utimilifu. Vilevile, tunahimiza na kuhamasisha wafanyakazi, wateja na wadau wetu kwa ujumla kutoa taarifa zozote za matendo yasiyo sahihi ya aina yoyote kwa kutumia njia za kupiga mbiu "whistle blowing"

1. Kupitia tovuti ya NMB <http://www.nmbtz.com>
2. Unaweza kutuma maelezo yako kwa siri kwa Afisa Mtendaji Mkuu:

Kwa Posta:

Ionwe na: Afisa Mtendaji Mkuu [bahasha iandikwe "Binafsi na Siri"]

Makao Makuu,
S.L.P 9213,
Mtaa wa Azikiwe/Jamhuri,
Dar es Salaam, Tanzania.

3. **Kupitia barua pepe:** whistleblowing@nmbtz.com

4. **Kwa kupiga namba za bure zifuatazo, kwa wale wanaopenda kupiga simu:**

- i. 0658 751 000 Tigo
- ii. 0779751 000 Zantel
- iii. 0685 751 000 Airtel
- iv. 0800 751 000 Vodacom

| NMB Customer Service Center

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Talk to us on:
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+255 714 150680
+255 764 700500
+255 22 2161500
+255 22 5515166

www.nmbtz.com





NMB Head Office: NMB House
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www.nmbtz.com