

NATIONAL MICROFINANCE BANK PLC

**Report of Condition of the Bank Pursuant To Section 32(3) Of
The Banking and Financial Institutions Act, 2006**

**AUDITED BALANCE SHEET AS AT 31 DECEMBER, 2009
(Amounts in million shillings)**

	Current Year 31.12.2009	Previous Year 31.12.2008
A. ASSETS		
1 Cash	115,857	96,406
2 Balances with Bank of Tanzania	217,523	82,180
3 Investments in Government securities	523,084	436,662
4 Balances with other banks and financial institutions	81,572	134,046
5 Cheques and items for clearing	14,588	21,856
6 Inter branch float items	179	242
7 Bills negotiated	0	0
8 Customers' liabilities for acceptances	0	0
9 Interbank loans receivables	0	0
10 Investments in other securities	0	746
11 Loans, advances and overdrafts (net of allowances for probable losses)	672,579	570,578
12 Other assets	12,096	25,049
13 Equity investments	0	0
14 Underwriting accounts	0	0
15 Property, Plant and equipment	31,855	16,503
16 TOTAL ASSETS	1,669,333	1,384,268
B. LIABILITIES		
17 Deposits from other banks and financial institutions	0	0
18 Customer deposits	1,452,719	1,195,049
19 Cash letters of credit	0	0
20 Special Deposits	6,680	5,435
21 Payment orders/transfers payable	0	0
22 Bankers' cheques and drafts issued	2,242	8,096
23 Accrued taxes and expenses payable	5,577	7,169
24 Acceptances outstanding	0	0
25 Inter branch float items	0	0
26 Unearned income and other deferred charges	0	0
27 Other liabilities	9,877	8,830
28 Borrowings	0	0
29 TOTAL LIABILITIES	1,477,095	1,224,579
30 NET ASSETS /(LIABILITIES)	192,239	159,689
C. SHAREHOLDERS' FUNDS		
31 Paid up share capital	20,000	20,000
32 Capital reserves	2,205	5,439
33 Retained earnings	122,484	85,543
34 Profit(Loss) account	47,550	48,707
35 Others capital accounts	0	0
36 Minority interest	0	0
37 TOTAL SHAREHOLDERS' FUNDS	192,239	159,689
38 Contingent liabilities	57,162	30,066
39 Non performing loans & advances	25,811	32,290
40 Allowances for probable losses	16,598	9,556
41 Other non performing assets	271	0
D. SELECTED FINANCIAL CONDITION INDICATORS		
(i) Shareholders Funds to total assets	11.52%	11.54%
(ii) Non performing loans to total gross loans	3.75%	5.57%
(iii) Gross loans and advances to total deposits	47.22%	48.33%
(iv) Loans and advances to total assets	40.29%	41.22%
(v) Earnings assets to total Assets	75.50%	82.50%
(vi) Deposits growth	21.57%	17.87%
(vii) Assets growth	20.59%	19.51%

**AUDITED INCOME STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER, 2009**

(Amounts in million shillings)

		Current Year Cumulative 31.12.2009	Comperative Year Cumulative 31.12.2008
1	Interest income	141,359	134,507
2	Interest expense	(13,841)	(11,806)
3	Net interest income (1minus2)	127,518	122,701
4	Bad debts written off	0	0
5	Impairment Losses on Loans and Advances	(7,025)	(6,222)
6	Non interest income:	41,773	32,553
	6.1 Foreign currency dealings and translation gain/(loss)	4,142	3,761
	6.2 Fee and commissions	30,842	20,651
	6.3 Dividend income	0	0
	6.4 Others operating income	6,788	8,142
7	Non interest expense:	(94,227)	(78,097)
	7.1 Salaries and benefits	(40,419)	(33,210)
	7.2 Fees and commissions	(1,357)	(777)
	7.3 Other operation expenses	(52,451)	(44,109)
8	Operating income/(loss)	68,038	70,935
9	Income tax provision	(20,488)	(22,228)
10	Net income(loss)after income tax	47,550	48,707
11	Number of employees	2,478	2,020
12	Basic earnings per share	95	97
13	Diluted earnings per share	95	97
14	Number of branches	134	125

SELECTED PERFORMANCE INDICATORS

(i)	Return on average total assets	3.01%	3.71%
(ii)	Return on average shareholders funds	27.20%	34.57%
(iii)	Non interest expense to gross income	51.45%	46.75%
(iv)	Net interest income to average earning assets	10.69%	11.78%

**AUDITED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER, 2009
(Amounts in million shillings)**

	Current Year 31.12.2009	Previous Year 31.12.2008
Cash flow from Operating activities:		
Net income(loss)	68,038	70,935
Adjustment for:		
- Impairment/amortization	16,291	2,952
- Net change in loans and advances	(103,101)	(215,467)
- Gain/loss on sale of assets	0	(1)
- Net change in deposits	252,359	160,160
- Net change in short term negotiable securities	0	0
- Net change in other liabilities	7,896	5,821
- Net change in other assets	(84,600)	(19,774)
- Tax paid	(20,337)	(22,229)
- Others (specify)	0	0
Net cash provided (used) by operating activities	136,545	(17,603)
Cash flow from Investing activities:		
Dividends received	0	0
Purchase of fixed assets	(21,646)	(13,475)
Proceeds from sale of fixed assets	8	199
Purchase of non-dealing securities	0	0
Proceeds from sale of non-dealing securities	0	0
Others-(Treasury Bonds/Bills and Private securities)	51,073	24,353
Net cash provided (used) by investing activities	29,435	11,078
Cash Flow from Financing activities:		
Repayment of long-term debt	0	0
Proceeds from issuance of long term debt	0	0
Proceeds from issuance of share capital	0	0
Payment of cash dividends	(15,000)	(11,000)
Net change in other borrowings	0	0
Others (specify)	0	0
Net cash provided(used) by financing activities	(15,000)	(11,000)
Cash and Cash equivalents:		
Net increase/(decrease) in cash and cash equivalents	150,980	(17,525)
Cash and cash equivalents at the beginning of the quarter	273,151	290,676
Cash and cash equivalents at the end of the quarter	424,130	273,151

Signed by		Date
Ben Christiaanse	Chief Executive Officer	06-Feb-10
Waziri Barnabas	Chief Financial Officer	06-Feb-10
Augustino Mbogella	Chief Internal Auditor	06-Feb-10

The above extracts are from the Financial Statements of the Bank for the year ended December 31 2009, which have been prepared in accordance with International Financial Reporting Standards (IFRS). The Financial Statements were audited by PriceWaterhouseCoopers, Certified Public Accountants, and received an unqualified audit report.

Signed by		Date
Misheck Ngatunga	Board Chairman	06-Feb-10
Protase Tehingisa	Director	06-Feb-10