

**NATIONAL MICROFINANCE BANK PLC**

**Report of Condition of the Bank Published Pursuant to  
Section 32(3) of the Banking and Financial Institutions Act, 2006**

**BALANCE SHEET AS AT 31 DECEMBER, 2009**

(Amounts in million shillings)

		<b>Current Quarter 31.12.2009</b>	<b>Previous Quarter 30.09.2009</b>
<b>A.</b>	<b>ASSETS</b>		
1	Cash	8/14/20113/14/20113	122,147
2	Balances with Bank of Tanzania	217,523	282,920
3	Investments in Government securities	523,084	569,388
4	Balances with other banks and financial institutions	81,572	93,453
5	Cheques and items for clearing	14,588	15,940
6	Inter branch float items	179	3
7	Bills negotiated	0	0
8	Customers' liabilities for acceptances	0	0
9	Interbank loans receivables	0	0
10	Investments in other securities	0	0
11	Loans, advances and overdrafts (net of allowances for probable losses)	672,579	589,980
12	Other assets	12,096	24,422
13	Equity investments	0	0
14	Underwriting accounts	0	0
15	Property, Plant and equipment	31,855	30,786
<b>16</b>	<b>TOTAL ASSETS</b>	<b>1,553,477</b>	<b>1,729,039</b>
<b>B.</b>	<b>LIABILITIES</b>		
17	Deposits from other banks and financial institutions	0	0
18	Customer deposits	1,452,719	1,484,237
19	Cash letters of credit	0	0
20	Special Deposits	6,680	23,911
21	Payment orders/transfers payable	0	0
22	Bankers' cheques and drafts issued	2,242	3,674
23	Accrued taxes and expenses payable	5,577	17,423
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	19,680
28	Borrowings	0	0
<b>29</b>	<b>TOTAL LIABILITIES</b>	<b>1,477,095</b>	<b>1,548,925</b>
<b>30</b>	<b>NET ASSETS /(LIABILITIES)</b>	<b>76,382</b>	<b>180,114</b>
<b>C.</b>	<b>SHAREHOLDERS' FUNDS</b>		
31	Paid up share capital	20,000	20,000
32	Capital reserves	2,205	8,319
33	Retained earnings	122,484	116,370
34	Profit(Loss) account	47,550	35,425
35	Others capital accounts	0	0
36	Minority interest	0	0
<b>37</b>	<b>TOTAL SHAREHOLDERS' FUNDS</b>	<b>192,239</b>	<b>180,114</b>
38	Contingent liabilities	57,162	22,687
39	Non performing loans & advances	25,811	25,755
40	Allowances for probable losses	16,598	14,476
41	Other non performing assets	271	375
<b>D</b>	<b>SELECTED FINANCIAL CONDITION INDICATORS</b>		
(i)	Shareholders Funds to total assets	11.52%	10.42%
(ii)	Non performing loans to total gross loans	3.75%	4.26%
(iii)	Gross loans and advances to total deposits	47.22%	40.08%
(iv)	Loans and advances to total assets	40.29%	34.12%
(v)	Earnings assets to total Assets	75.50%	72.46%
(vi)	Deposits growth	-3.23%	15.54%
(vii)	Assets growth	-3.45%	15.36%

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

	<b>Current Quarter 31.12.2009</b>	<b>Comperative Quarter 31.12.2008</b>	<b>Current Year Cumulative 31.12.2009</b>	<b>Comperative Year Cumulative 31.12.2008</b>
1 Interest income	35,462	38,837	141,359	134,507
2 Interest expense	(3,225)	(3,254)	(13,841)	(11,806)
<b>3 Net interest income (1minus2)</b>	<b>32,237</b>	<b>35,584</b>	<b>127,518</b>	<b>122,701</b>
4 Bad debts written off	0	0	0	0
5 Impairment Losses on Loans and Advances	(2,106)	(3,054)	(7,025)	(6,222)
<b>6 Non interest income:</b>	<b>12,587</b>	<b>10,173</b>	<b>41,773</b>	<b>32,553</b>
6.1 Foreign currency dealings and translation gain/(loss)	964	2,092	4,142	3,761
6.2 Fee and commissions	10,265	6,017	30,842	20,651
6.3 Dividend income	0	0	0	0
6.4 Others operating income	1,358	2,063	6,788	8,142
<b>7 Non interest expense:</b>	<b>(25,287)</b>	<b>(19,178)</b>	<b>(94,227)</b>	<b>(78,097)</b>
7.1 Salaries and benefits	(10,014)	(8,519)	(40,419)	(33,210)
7.2 Fees and commissions	(130)	(394)	(1,357)	(777)
7.3 Other operation expenses	(15,143)	(10,265)	(52,451)	(44,109)
<b>8 Operating income/(loss)</b>	<b>17,431</b>	<b>23,525</b>	<b>68,038</b>	<b>70,935</b>
9 Income tax provision	(5,306)	(7,058)	(20,488)	(22,228)
<b>10 Net income(loss)after income tax</b>	<b>12,125</b>	<b>16,468</b>	<b>47,550</b>	<b>48,707</b>
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11 Number of employees	2,478	2,020	2,478	2,020
12 Basic earnings per share	24	33	95	97
13 Diluted earnings per share	24	33	95	97
14 Number of branches	134	121	134	121
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<b>SELECTED PERFORMANCE INDICATORS</b>				
i) Return on average total assets	2.89%	4.56%	4.01%	3.71%
ii) Return on average shareholders funds	25.86%	42.71%	36.26%	34.57%
iii) Non interest expense to gross income	52.63%	39.13%	51.45%	46.75%
v) Net interest income to average earning assets	10.08%	12.21%	14.25%	11.78%

**CASH FLOW STATEMENT**  
**FOR THE QUARTER ENDED 31 DECEMBER, 2009**

(Amounts in million shillings)

		<b>Current Quarter 31.12.2009</b>	<b>Previous Quarter 30.09.2009</b>
<b>I:</b>	<b>Cash flow from Operating activities:</b>		
	Net income(loss)	17,431	15,305
	Adjustment for:		
	- Impairment/amortization	4,617	3,979
	- Net change in loans and advances	(82,599)	3,766
	- Gain/loss on sale of assets	0	(6)
	- Net change in deposits	(48,749)	202,882
	- Net change in short term negotiable securities	0	0
	- Net change in other liabilities	(23,082)	16,568
	- Net change in other assets	(4,751)	7,446
	- Tax paid	(5,084)	(4,597)
	- Others (specify)	0	0
	<b>Net cash provided (used) by operating activities</b>	<b>(142,218)</b>	<b>245,343</b>
<b>II:</b>	<b>Cash flow from Investing activities:</b>		
	Dividends received	0	0
	Purchase of fixed assets	(5,908)	(6,995)
	Proceeds from sale of fixed assets	0	13
	Purchase of non-dealing securities	0	0
	Proceeds from sale of non-dealing securities	0	0
	Others-(Treasury Bonds/Bills and Private securities)	17,807	34,569
	<b>Net cash provided (used) by investing activities</b>	<b>11,899</b>	<b>27,587</b>
<b>III:</b>	<b>Cash Flow from Financing activities:</b>		
	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	0	0
	Net change in other borrowings	0	0
	Others (specify)	0	0
	<b>Net cash provided(used) by financing activities</b>	<b>0</b>	<b>0</b>
<b>IV:</b>	<b>Cash and Cash equivalents:</b>		
	Net increase/(decrease) in cash and cash equivalents	<b>(130,319)</b>	<b>272,930</b>
	Cash and cash equivalents at the beginning of the quarter	554,449	281,519
	<b>Cash and cash equivalents at the end of the quarter</b>	<b>424,130</b>	<b>554,449</b>

**Signed by****Date**

Ben Christiaanse      Chief Executive Officer      .....      06/02/2010

Waziri Barnabas      Chief Financial Officer      .....      06/02/2010

Augustino Mbogella      Chief Internal Auditor      .....      06/02/2010

We, the under-named, non-executive members of the board of directors, attest to the correctness of the above statements. We declare that the statements have been examined by us, and to the best of our knowledge and belief have been prepared in conformance with the instructions and are true and correct.

**Signed by****Date**

Misheck Ngatunga      Board Chairman      .....      06/02/2010

Protase Tehingisa      Director      .....      06/02/2010

NAME OF INSTITUTION : NATIONAL MICROFINANCE BANK PLC

BANK CODE : 150

CLASSIFICATION OF LOANS, ADVANCES AND OVERDRAFTS BY ACTIVITIES AS AT : 31 DECEMBER 2009

BOT Form 16-1 (Schedule 2 (i)) To be submitted Monthly

S/NO	PARTICULARS	Substandard		Doubtful		Loss
		Local	Foreign	Local	Foreign	Local
0	Gross Loans, Advances and Overdrafts <sup>1</sup>	6,204,398,577	0	3,885,550,186	0	15,720,838,575
					NPL	25,810,787,338