

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 MARCH, 2009

(Amounts in million shillings)

| | Current Quarter 31.03.2009 | Previous Quarter 31.12.2008 |
|---|---------------------------------------|--|
| A. ASSETS | | |
| 1 Cash | 90,621 | 96,406 |
| 2 Balances with Bank of Tanzania | 205,176 | 82,180 |
| 3 Balances with other banks | 128,663 | 134,046 |
| 4 Cheques and items for clearing | 4,797 | 21,856 |
| 5 Investments in Government securities | 455,123 | 436,662 |
| 6 Investments in other securities | 0 | 746 |
| 7 Loans, advances and overdrafts (net of allowances for probable losses) | 570,660 | 570,578 |
| 8 Bills negotiated | 0 | 0 |
| 9 Equity investments | 0 | 0 |
| 10 Customer liability on acceptances | 0 | 0 |
| 11 Fixed assets (less depreciation) | 25,855 | 25,049 |
| 12 Interbranch suspense (net) | 599 | 242 |
| 13 Other assets | 41,186 | 16,504 |
| 14 TOTAL ASSETS | 1,522,681 | 1,384,268 |
| B. LIABILITIES | | |
| 15 Customer deposits | 1,328,311 | 1,200,484 |
| 16 Deposits from other banks | 0 | 0 |
| 17 Cash letters of credit | 0 | 0 |
| 18 Bills payable | 0 | 0 |
| 19 Bankers' cheques and drafts issued | 2,751 | 8,095 |
| 20 Accrued taxes and expenses payable | 9,762 | 7,173 |
| 21 Acceptances outstanding | 0 | 0 |
| 22 Inter branch suspense (net) | 0 | 0 |
| 23 Other liabilities | 23,741 | 8,826 |
| 24 TOTAL LIABILITIES | 1,364,565 | 1,224,579 |
| 25 NET ASSETS /(LIABILITIES) | 158,116 | 159,689 |
| C. CAPITAL AND RESERVES | | |
| 26 Paid up share capital | 20,000 | 20,000 |
| 27 Capital reserves | 8,319 | 5,439 |
| 28 Retained earnings | 116,370 | 85,543 |
| 29 Profit/(Loss) account | 13,427 | 48,707 |
| 30 Others | 0 | 0 |
| 31 TOTAL SHAREHOLDERS' FUNDS | 158,116 | 159,689 |
| 32 Contingent liabilities | 32,227 | 30,066 |
| 33 Non performing loans & advances | 40,774 | 32,290 |
| 34 Allowances for probable losses | 11,995 | 9,556 |
| 35 Other non performing assets | 0 | 0 |
| D PERFORMANCE INDICATORS | | |
| (i) Total Capital to total assets | 10.38% | 11.54% |
| (ii) Non performing loans & advances to total loans and advances | 7.00% | 5.57% |
| (iii) Gross loans and advances to total deposits | 43.86% | 48.32% |
| (iv) Loans and advances to total assets | 37.48% | 41.22% |

INCOME STATEMENT
FOR THE QUARTER ENDED 31 MARCH, 2009
(Amounts in million shillings)

| | Current Quarter 31.03.2009 | Previous Quarter 31.12.2008 | Current Year Cumulative 31.03.2009 | Previous Year Cumulative 31.03.2008 |
|---|---|--|---|--|
| 1 Interest income | 35,551 | 38,837 | 35,551 | 24,100 |
| 2 Interest expense | (3,299) | (3,254) | (3,299) | (2,104) |
| 3 Net interest income (1minus2) | 32,253 | 35,584 | 32,253 | 21,996 |
| 4 Bad debts written off | 0 | 0 | 0 | 0 |
| 5 Provision for bad and doubtful debts | (2,169) | (3,054) | (2,169) | (624) |
| 6 Non interest income: | 9,590 | 10,173 | 9,590 | 7,299 |
| 6.1 Foreign exchange profit/(loss) | 1,133 | 2,092 | 1,133 | 186 |
| 6.2 Commissions and fees | 6,590 | 6,017 | 6,590 | 6,708 |
| 6.3 Others | 1,867 | 2,063 | 1,867 | 405 |
| 7 Non interest expense: | (20,493) | (19,178) | (20,493) | (13,563) |
| 8 Operating income/(loss) before tax and extraordinary items | 19,181 | 23,525 | 19,181 | 15,109 |
| 9 Extraordinary gains(losses) | 0 | 0 | 0 | 0 |
| 10 Income tax provision | (5,754) | (7,058) | (5,754) | (4,533) |
| 11 Net income(loss)after income tax and extraordinary items | 13,427 | 16,467 | 13,427 | 10,576 |
| 12 Number of employees | 2,110 | 2,020 | 2,110 | 1,879 |
| PERFORMANCE INDICATORS | | | | |
| (i) Return on average total assets | 3.70% | 4.56% | 3.70% | 4.86% |
| (ii) Return on ordinary shareholders funds | 33.97% | 42.71% | 33.97% | 44.31% |
| (iii) Non interest expense to gross income | 45.40% | 39.13% | 45.40% | 43.19% |
| (iv) Interest margin to average earning assets | 11.45% | 12.21% | 11.45% | 13.47% |

CASH FLOW STATEMENT
FOR THE QUARTER ENDED 31 MARCH, 2009
(Amounts in million shillings)

| | Current Quarter 31.03.2009 | Previous Quarter 31.12.2008 |
|--|---------------------------------------|--|
| I: Cash flow from Operating activities: | | |
| Net income(loss) | 19,181 | 23,525 |
| Adjustment for non-cash items: | | |
| provisions/amortization/depreciation | 1,376 | 2,856 |
| net change in loans and advances | (82) | (66,414) |
| gain/loss on sale of assets | 0 | (1) |
| net change in deposits | 127,827 | 63,161 |
| net change in short term negotiable securities | 0 | 0 |
| net change in other liabilities | (2,840) | (228,415) |
| net change in other assets | (25,039) | (6,034) |
| tax paid | (5,328) | (8,187) |
| Others-Prior Year Adjustment | 0 | 0 |
| Net cash provided (used) by operating activities | 115,096 | (219,510) |
| II: Cash flow from Investing activities: | | |
| Dividends received | 0 | 0 |
| Purchase of fixed assets | (1,692) | (11,321) |
| Proceeds from sale of fixed assets | 0 | (891) |
| Purchase of non-dealing securities | 0 | 0 |
| Proceeds from sale of non-dealing securities | 0 | 0 |
| Others-(Treasury Bonds/Bills and Private securities) | (59,782) | 94,132 |
| Net cash provided (used) by investing activities | (61,474) | 81,920 |
| III 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 | 0 | 0 |
| Net change in other borrowings | 0 | 0 |
| Others- Capital Grant | 0 | 0 |
| Net cash provided(used) by financing activities | 0 | 0 |
| IV: Cash and Cash equivalents: | | |
| Net increase(decrease) in cash and cash equivalents | 53,622 | (137,590) |
| Cash and cash equivalents at the beginning of the quarter | <u>273,151</u> | <u>410,741</u> |
| Cash and cash equivalents at the end of the quarter | 326,773 | 273,151 |

Signed by**Date**

Ben Christiaanse Chief Executive Officer 12/05/2009

Waziri Barnabas Ag. Chief Financial Officer 12/05/2009

Augustino Mbogella Chief Internal Auditor 12/05/2009

We, the undersigned 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 12/05/2009

Protase Tehingisa Director 12/05/2009