

NATIONAL MICROFINANCE BANK PLC

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

**BALANCE SHEET AS AT 30 JUNE, 2009
(Amounts in million shillings)**

	Current Quarter 30.06.2009	Previous Quarter 31.03.2009
A. ASSETS		
1 Cash	90,847	90,621
2 Balances with Bank of Tanzania	178,862	205,176
3 Investments in Government securities	445,366	455,123
4 Balances with other banks and financial institutions	128,811	128,663
5 Cheques and items for clearing	1,601	4,797
6 Inter branch float items	1,068	599
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)	593,746	570,660
12 Other assets	30,803	41,186
13 Equity investments	0	0
14 Underwriting accounts	0	0
15 Property, Plant and equipment	27,772	25,855
16 TOTAL ASSETS	1,498,876	1,522,681
B. LIABILITIES		
17 Deposits from other banks and financial institutions	0	0
18 Customer deposits	1,288,847	1,313,729
19 Cash letters of credit	0	0
20 Special Deposits	16,419	14,583
21 Payment orders/transfers payable	0	0
22 Bankers' cheques and drafts issued	2,704	2,751
23 Accrued taxes and expenses payable	13,493	9,762
24 Acceptances outstanding	0	0
25 Inter branch float items	0	0
26 Unearned income and other deferred charges	0	0
27 Other liabilities	8,012	23,741
28 Borrowings	0	0
29 TOTAL LIABILITIES	1,329,475	1,364,565
30 NET ASSETS /(LIABILITIES)	169,401	158,116
C. SHAREHOLDERS' FUNDS		
31 Paid up share capital	20,000	20,000
32 Capital reserves	8,319	8,319
33 Retained earnings	116,370	116,370
34 Profit(Loss) account	24,711	13,427
35 Others capital accounts	0	0
36 Minority interest	0	0
37 TOTAL SHAREHOLDERS' FUNDS	169,401	158,116
38 Contingent liabilities	14,009	32,227
39 Non performing loans & advances	34,502	40,774
40 Allowances for probable losses	13,731	11,995
41 Other non performing assets	0	238
D. SELECTED FINANCIAL CONDITION INDICATORS		
(i) Shareholders Funds to total assets	11.30%	10.38%
(ii) Non performing loans to total gross loans	5.68%	7.00%
(iii) Gross loans and advances to total deposits	47.13%	44.35%
(iv) Loans and advances to total assets	39.61%	37.48%
(v) Earnings assets to total Assets	77.92%	75.82%
(vi) Deposits growth	-1.73%	9.95%
(vii) Assets growth	-1.56%	10.00%

INCOME STATEMENT
FOR THE PERIOD ENDED 30 JUNE, 2009
(Amounts in million shillings)

	Current Quarter 30.06.2009	Comparative Quarter Previous Year 30.06.2008	Current Year Cumulative 30.06.2009	Comparative Period Previous Year 30.06.2008
1 Interest income	36,150	30,423	71,702	63,823
2 Interest expense	(3,612)	(2,844)	(6,910)	(5,564)
3 Net interest income (1minus2)	32,539	27,580	64,792	58,259
4 Bad debts written off	0	0	0	0
5 Impairment Losses on Loans and Advances	(2,005)	(195)	(4,173)	(292)
6 Non interest income:	8,736	5,616	18,326	16,321
6.1 Foreign currency dealings and translation gain/(loss)	1,065	(734)	2,198	2,770
6.2 Fee and commissions	5,809	4,746	12,399	9,325
6.3 Dividend income	0	0	0	0
6.4 Others operating income	1,862	1,604	3,728	4,226
7 Non interest expense:	(23,149)	(21,176)	(43,642)	(38,615)
7.1 Salaries and benefits	(9,919)	(8,809)	(19,548)	(16,317)
7.2 Fees and commissions	(275)	(109)	(762)	(41)
7.3 Other operation expenses	(12,955)	(12,258)	(23,332)	(22,257)
8 Operating income/(loss)	16,121	11,825	35,302	35,674
9 Income tax provision	(4,836)	(3,548)	(10,591)	(10,702)
10 Net income(loss)after income tax	11,285	8,278	24,711	24,972
11 Number of employees	2,239	1,948	2,239	1,948
12 Basic earnings per share	23	17	49	50
13 Diluted earnings per share	23	17	49	50
14 Number of branches	130	120	130	120

SELECTED PERFORMANCE INDICATORS

(i) Return on average total assets	3.00%	2.70%	3.28%	4.11%
(ii) Return on average shareholders funds	26.20%	24.24%	29.42%	37.20%
(iii) Non interest expense to gross income	51.57%	58.76%	48.48%	48.18%
(iv) Net interest income to average earning assets	11.29%	11.31%	11.37%	11.95%

CASH FLOW STATEMENT
FOR THE QUARTER ENDED 30 JUNE, 2009
(Amounts in million shillings)

	Current Quarter 30.06.2009	Previous Quarter 31.03.2009
Cash flow from Operating activities:		
Net income(loss)	16,121	19,181
Adjustment for:		
- Impairment/amortization	6,738	1,376
- Net change in loans and advances	(23,086)	(82)
- Gain/loss on sale of assets	0	0
- Net change in deposits	(23,045)	127,828
- Net change in short term negotiable securities	0	0
- Net change in other liabilities	(12,044)	(2,840)
- Net change in other assets	9,913	(25,039)
- Tax paid	(5,328)	(5,328)
- Others (specify)	0	0
Net cash provided (used) by operating activities	(30,730)	115,096
Cash flow from Investing activities:		
Dividends received	0	0
Purchase of fixed assets	(4,217)	(1,692)
Proceeds from sale of fixed assets	0	0
Purchase of non-dealing securities	0	0
Proceeds from sale of non-dealing securities	0	0
Others-(Treasury Bonds/Bills and Private securities)	4,693	(59,782)
Net cash provided (used) by investing activities	477	(61,474)
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)	0
Net change in other borrowings	0	0
Others (specify)	0	0
Net cash provided(used) by financing activities	(15,000)	0
Cash and Cash equivalents:		
Net increase/(decrease) in cash and cash equivalents	(45,254)	53,622
Cash and cash equivalents at the beginning of the quarter	326,773	273,151
Cash and cash equivalents at the end of the quarter	281,519	326,773

Signed by**Date**

Ben Christiaanse Chief Executive Officer 07-Aug-09

Waziri Barnabas Ag. Chief Financial Officer 07-Aug-09

Augustino Mbogella Chief Internal Auditor 07-Aug-09

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 07-Aug-09

Protase Tehingisa Director 07-Aug-09