

**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 SEPTEMBER, 2009**

(Amounts in million shillings)

	<b>Current Quarter 30.09.2009</b>	<b>Previous Quarter 30.06.2009</b>
<b>A. ASSETS</b>		
1 Cash	122,147	90,847
2 Balances with Bank of Tanzania	282,920	178,862
3 Investments in Government securities	569,388	445,366
4 Balances with other banks and financial institutions	93,453	128,811
5 Cheques and items for clearing	15,940	1,601
6 Inter branch float items	3	1,068
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)	589,980	593,746
12 Other assets	24,422	30,803
13 Equity investments	0	0
14 Underwriting accounts	0	0
15 Property, Plant and equipment	30,786	27,772
<b>16 TOTAL ASSETS</b>	<b>1,729,039</b>	<b>1,498,876</b>
<b>B. LIABILITIES</b>		
17 Deposits from other banks and financial institutions	0	0
18 Customer deposits	1,484,237	1,288,847
19 Cash letters of credit	0	0
20 Special Deposits	23,911	16,419
21 Payment orders/transfers payable	0	0
22 Bankers' cheques and drafts issued	3,674	2,704
23 Accrued taxes and expenses payable	17,423	13,493
24 Acceptances outstanding	0	0
25 Inter branch float items	0	0
26 Unearned income and other deferred charges	0	0
27 Other liabilities	19,680	8,012
28 Borrowings	0	0
<b>29 TOTAL LIABILITIES</b>	<b>1,548,925</b>	<b>1,329,475</b>
<b>30 NET ASSETS /(LIABILITIES)</b>	<b>180,114</b>	<b>169,401</b>
<b>C. SHAREHOLDERS' FUNDS</b>		
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	35,425	24,711
35 Others capital accounts	0	0
36 Minority interest	0	0
<b>37 TOTAL SHAREHOLDERS' FUNDS</b>	<b>180,114</b>	<b>169,401</b>
38 Contingent liabilities	22,687	14,009
39 Non performing loans & advances	25,755	34,502
40 Allowances for probable losses	14,476	13,731
41 Other non performing assets	375	421
<b>D. SELECTED FINANCIAL CONDITION INDICATORS</b>		
(i) Shareholders Funds to total assets	10.42%	11.30%
(ii) Non performing loans to total gross loans	4.26%	5.68%
(iii) Gross loans and advances to total deposits	40.08%	47.13%
(iv) Loans and advances to total assets	34.12%	39.61%
(v) Earnings assets to total Assets	72.46%	77.92%
(vi) Deposits growth	15.54%	-1.73%
(vii) Assets growth	15.36%	-1.56%

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

	<b>Current</b>	<b>Comperative</b>	<b>Current</b>	<b>Comperative</b>	
	<b>Quarter</b>	<b>Quarter</b>	<b>Year</b>	<b>Year</b>	
	<b>30.09.2009</b>	<b>30.09.2008</b>	<b>Cumulative</b>	<b>Cumulative</b>	
			<b>30.09.2009</b>	<b>30.09.2008</b>	
1	Interest income	34,195	31,846	105,897	95,669
2	Interest expense	(3,706)	(2,988)	(10,616)	(8,552)
<b>3</b>	<b>Net interest income (1minus2)</b>	<b>30,489</b>	<b>28,858</b>	<b>95,280</b>	<b>87,117</b>
4	Bad debts written off	0	0	0	0
5	Impairment Losses on Loans and Advances	(745)	(2,872)	(4,919)	(3,164)
<b>6</b>	<b>Non interest income:</b>	<b>10,859</b>	<b>6,056</b>	<b>29,185</b>	<b>22,376</b>
	6.1 Foreign currency dealings and translation gain/(loss)	980	(1,102)	3,178	1,668
	6.2 Fee and commisions	8,178	5,305	20,577	14,629
	6.3 Dividend income	0	0	0	0
	6.4 Others operating income	1,702	1,853	5,430	6,079
<b>7</b>	<b>Non interest expense:</b>	<b>(25,298)</b>	<b>(20,304)</b>	<b>(68,940)</b>	<b>(58,919)</b>
	7.1 Salaries and benefits	(10,857)	(8,374)	(30,405)	(24,691)
	7.2 Fees and commissions	(389)	(108)	(1,151)	(384)
	7.3 Other operation expenses	(14,052)	(11,822)	(37,383)	(33,845)
<b>8</b>	<b>Operating income/(loss)</b>	<b>15,305</b>	<b>11,737</b>	<b>50,607</b>	<b>47,410</b>
9	Income tax provision	(4,591)	(3,521)	(15,182)	(14,223)
<b>10</b>	<b>Net income(loss)after income tax</b>	<b>10,713</b>	<b>8,216</b>	<b>35,425</b>	<b>33,187</b>
11	Number of employees	2,298	1,948	2,298	1,948
12	Basic earnings per share	21	16	71	66
13	Diluted earnings per share	21	16	71	66
14	Number of branches	131	121	131	121

**SELECTED PERFORMANCE INDICATORS**

(i)	Return on average total assets	2.62%	2.39%	3.05%	3.49%
(ii)	Return on average shareholders funds	24.28%	23.33%	27.69%	32.43%
(iii)	Non interest expense to gross income	56.15%	53.57%	51.04%	49.91%
(iv)	Net interest income to average earning assets	10.05%	10.76%	10.91%	11.61%

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

	<b>Current Quarter 30.09.2009</b>	<b>Previous Quarter 30.06.2009</b>
<b>Cash flow from Operating activities:</b>		
Net income(loss)	15,305	16,121
Adjustment for:		
- Impairment/amortization	3,979	6,738
- Net change in loans and advances	3,766	(23,086)
- Gain/loss on sale of assets	(6)	0
- Net change in deposits	202,882	(23,045)
- Net change in short term negotiable securities	0	0
- Net change in other liabilities	16,568	(12,044)
- Net change in other assets	7,446	9,913
- Tax paid	(4,597)	(5,328)
- Others (specify)	0	0
<b>Net cash provided (used) by operating activities</b>	<b>245,343</b>	<b>(30,730)</b>
<b>Cash flow from Investing activities:</b>		
Dividends received	0	0
Purchase of fixed assets	(6,995)	(4,217)
Proceeds from sale of fixed assets	13	0
Purchase of non-dealing securities	0	0
Proceeds from sale of non-dealing securities	0	0
Others-(Treasury Bonds/Bills and Private securities)	34,569	4,693
<b>Net cash provided (used) by investing activities</b>	<b>27,587</b>	<b>477</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	(15,000)
Net change in other borrowings	0	0
Others (specify)	0	0
<b>Net cash provided(used) by financing activities</b>	<b>0</b>	<b>(15,000)</b>
<b>Cash and Cash equivalents:</b>		
Net increase/(decrease) in cash and cash equivalents	272,930	(45,254)
Cash and cash equivalents at the beginning of the quarter	281,519	326,773
<b>Cash and cash equivalents at the end of the quarter</b>	<b>554,449</b>	<b>281,519</b>

<b>Signed by</b>		<b>Date</b>
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Ben Christiaanse	Chief Executive Officer .....	07-Nov-09
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Waziri Barnabas	Ag. Chief Financial Officer .....	07-Nov-09
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Augustino Mbogella	Chief Internal Auditor .....	07-Nov-09
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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.

<b>Signed by</b>		<b>Date</b>
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Misheck Ngatunga	Board Chairman .....	07-Nov-09
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Protase Tehingisa	Director .....	07-Nov-09
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