

**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 30 SEPTEMBER, 2010**

(Amounts in million shillings)

		<b>Current Quarter 30.09.2010</b>	<b>Previous Quarter 30.06.2010</b>
<b>A.</b>	<b><u>ASSETS</u></b>		
1	Cash	131,201	123,642
2	Balances with Bank of Tanzania	227,144	280,393
3	Investments in Government securities	667,086	626,468
4	Balances with other banks and financial institutions	105,682	99,587
5	Cheques and items for clearing	4,162	8,294
6	Inter branch float items	5	0
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)	723,500	690,131
12	Other assets	32,711	32,293
13	Equity investments	2,831	0
14	Underwriting accounts	0	0
15	Property, Plant and equipment	44,937	40,512
<b>16</b>	<b>TOTAL ASSETS</b>	<b>1,939,260</b>	<b>1,901,320</b>
<b>B.</b>	<b><u>LIABILITIES</u></b>		
17	Deposits from other banks and financial institutions	0	0
18	Customer deposits	1,683,361	1,633,921
19	Cash letters of credit	0	0
20	Special Deposits	8,265	36,697
21	Payment orders/transfers payable	0	0
22	Bankers' cheques and drafts issued	2,839	5,027
23	Accrued taxes and expenses payable	17,538	10,824
24	Acceptances outstanding	0	0
25	Inter branch float items	0	103
26	Unearned income and other deferred charges	0	0
27	Other liabilities	9,470	10,546
28	Borrowings	0	0
<b>29</b>	<b>TOTAL LIABILITIES</b>	<b>1,721,473</b>	<b>1,697,118</b>
<b>30</b>	<b>NET ASSETS /(LIABILITIES)</b>	<b>217,787</b>	<b>204,202</b>
<b>C.</b>	<b><u>SHAREHOLDERS' FUNDS</u></b>		
31	Paid up share capital	20,000	20,000
32	Capital reserves	2,205	2,205
33	Retained earnings	154,334	154,334
34	Profit(Loss) account	41,248	27,663
35	Others capital accounts	0	0
36	Minority interest	0	0
<b>37</b>	<b>TOTAL SHAREHOLDERS' FUNDS</b>	<b>217,787</b>	<b>204,202</b>
38	Contingent liabilities	61,187	37,699
39	Non performing loans & advances	20,053	20,630
40	Allowances for probable losses	17,482	15,722
41	Other non performing assets	263	271
<b>D</b>	<b><u>SELECTED FINANCIAL CONDITION INDICATORS</u></b>		
(i)	Shareholders Funds to total assets	11.23%	10.74%
(ii)	Non performing loans to total gross loans	2.71%	2.92%
(iii)	Gross loans and advances to total deposits	43.80%	42.25%
(iv)	Loans and advances to total assets	37.31%	36.30%
(v)	Earnings assets to total Assets	77.16%	74.48%
(vi)	Deposits growth	1.26%	3.21%
(vii)	Assets growth	2.00%	3.17%

**INCOME STATEMENT**  
**FOR THE PERIOD ENDED 30 SEPTEMBER, 2010**  
(Amounts in million shillings)

	<b>Current Quarter 30.09.2010</b>	<b>Comparative Quarter 30.09.2009</b>	<b>Current Year Cumulative 30.09.2010</b>	<b>Comparative Year Cumulative 30.09.2009</b>
1 Interest income	35,795	34,195	105,751	105,897
2 Interest expense	(2,687)	(3,706)	(7,988)	(10,616)
<b>3 Net interest income (1minus2)</b>	<b>33,108</b>	<b>30,489</b>	<b>97,763</b>	<b>95,280</b>
4 Bad debts written off	-	-	-	-
5 Impairment Losses on Loans and Advances	(1,760)	(745)	(1,760)	(4,919)
<b>6 Non interest income:</b>	<b>22,003</b>	<b>10,859</b>	<b>51,908</b>	<b>29,185</b>
6.1 Foreign currency dealings and translation gain/(loss)	6,733	980	11,652	3,178
6.2 Fee and commissions	12,284	8,178	33,864	20,577
6.3 Dividend income	-	-	-	-
6.4 Others operating income	2,987	1,702	6,392	5,430
<b>7 Non interest expense:</b>	<b>(31,844)</b>	<b>(25,298)</b>	<b>(86,885)</b>	<b>(68,940)</b>
7.1 Salaries and benefits	(12,690)	(10,857)	(36,769)	(30,405)
7.2 Fees and commissions	(2,247)	(1,526)	(8,576)	(4,066)
7.3 Other operation expenses	(16,907)	(12,915)	(41,540)	(34,468)
<b>8 Operating income/(loss)</b>	<b>21,508</b>	<b>15,305</b>	<b>61,026</b>	<b>50,607</b>
9 Income tax provision	(7,922)	(4,591)	(19,778)	(15,182)
<b>10 Net income(loss)after income tax</b>	<b>13,585</b>	<b>10,713</b>	<b>41,248</b>	<b>35,425</b>
11 Number of employees	2,593	2,298	2,593	2,298
12 Basic earnings per share	27	21	82	71
13 Diluted earnings per share	27	21	82	71
14 Number of branches	138	131	138	131
<b><u>SELECTED PERFORMANCE INDICATORS</u></b>				
(i) Return on average total assets	2.84%	2.62%	2.94%	3.05%
(ii) Return on average shareholders funds	25.46%	24.28%	26.46%	27.69%
(iii) Non interest expense to gross income	55.09%	56.15%	55.11%	51.04%
(iv) Net interest income to average earning assets	9.15%	10.05%	9.44%	10.91%

**CASH FLOW STATEMENT**  
**FOR THE QUARTER ENDED 30 SEPTEMBER, 2010**  
(Amounts in million shillings)

		<b>Current Quarter 30.09.2010</b>	<b>Previous Quarter 30.06.2010</b>
<b>I:</b>	<b>Cash flow from Operating activities:</b>		
	Net income(loss)	21,508	21,582
	Adjustment for:		
	- Impairment/amortization	(783)	1,972
	- Net change in loans and advances	(33,369)	(189)
	- Gain/loss on sale of assets	0	0
	- Net change in deposits	21,008	52,035
	- Net change in short term negotiable securities	0	0
	- Net change in other liabilities	3,347	6,889
	- Net change in other assets	(424)	2,551
	- Tax paid	(5,412)	(6,652)
- Others (Net change in SMR deposits)	0	(7,500)	
<b>Net cash provided (used) by operating activities</b>	<b>5,875</b>	<b>70,689</b>	
<b>II:</b>	<b>Cash flow from Investing activities:</b>		
	Dividends received	0	0
	Purchase of fixed assets	(6,152)	(7,287)
	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 /Equity investment)	(43,646)	(29,079)
<b>Net cash provided (used) by investing activities</b>	<b>(49,798)</b>	<b>(36,366)</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	(15,700)
	Net change in other borrowings	0	0
	Others (specify)	0	0
<b>Net cash provided(used) by financing activities</b>	<b>0</b>	<b>(15,700)</b>	
<b>IV:</b>	<b>Cash and Cash equivalents:</b>		
	Net increase/(decrease) in cash and cash equivalents	<b>(43,923)</b>	<b>18,623</b>
	Cash and cash equivalents at the beginning of the quarter	585,179	566,557
	<b>Cash and cash equivalents at the end of the quarter</b>	<b>541,256</b>	<b>585,179</b>

**Signed by****Date**

Ben Christiaanse  
Chief Executive Officer

06/11/2010

Waziri Barnabas  
Chief Financial Officer

06/11/2010

Augustino Mbogella  
Chief Internal Auditor

06/11/2010

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

06/11/2010

Protase Tehingisa     Director

06/11/2010