

**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 JUNE, 2010**

(Amounts in million shillings)

		<b>Current Quarter 30.06.2010</b>	<b>Previous Quarter 31.03.2010</b>
<b>A.</b>	<b><u>ASSETS</u></b>		
1	Cash	123,642	103,338
2	Balances with Bank of Tanzania	280,393	355,203
3	Investments in Government securities	626,468	520,097
4	Balances with other banks and financial institutions	99,587	92,521
5	Cheques and items for clearing	8,294	12,023
6	Inter branch float items	0	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)	686,515	689,942
12	Other assets	33,378	34,844
13	Equity investments	0	0
14	Underwriting accounts	0	0
15	Property, Plant and equipment	40,512	35,019
<b>16</b>	<b>TOTAL ASSETS</b>	<b>1,898,789</b>	<b>1,842,988</b>
<b>B.</b>	<b><u>LIABILITIES</u></b>		
17	Deposits from other banks and financial institutions	0	0
18	Customer deposits	1,633,921	1,612,541
19	Cash letters of credit	0	0
20	Special Deposits	36,697	6,042
21	Payment orders/transfers payable	0	0
22	Bankers' cheques and drafts issued	5,027	3,158
23	Accrued taxes and expenses payable	10,824	7,007
24	Acceptances outstanding	0	0
25	Inter branch float items	103	447
26	Unearned income and other deferred charges	0	0
27	Other liabilities	10,546	8,998
28	Borrowings	0	0
<b>29</b>	<b>TOTAL LIABILITIES</b>	<b>1,697,118</b>	<b>1,638,194</b>
<b>30</b>	<b>NET ASSETS /(LIABILITIES)</b>	<b>201,671</b>	<b>204,794</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	170,034
34	Profit(Loss) account	25,131	12,555
35	Others capital accounts	0	0
36	Minority interest	0	0
<b>37</b>	<b>TOTAL SHAREHOLDERS' FUNDS</b>	<b>201,671</b>	<b>204,794</b>
38	Contingent liabilities	37,699	41,928
39	Non performing loans & advances	20,630	29,441
40	Allowances for probable losses	19,338	18,437
41	Other non performing assets	271	227
<b>D</b>	<b><u>SELECTED FINANCIAL CONDITION INDICATORS</u></b>		
(i)	Shareholders Funds to total assets	10.62%	11.11%
(ii)	Non performing loans to total gross loans	2.92%	4.16%
(iii)	Gross loans and advances to total deposits	42.25%	43.77%
(iv)	Loans and advances to total assets	36.16%	37.44%
(v)	Earnings assets to total Assets	74.39%	70.68%
(vi)	Deposits growth	3.21%	10.91%
(vii)	Assets growth	3.03%	10.40%

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

	<b>Current Quarter 30.06.2010</b>	<b>Comperative Quarter 30.06.2009</b>	<b>Current Year Cumulative 30.06.2010</b>	<b>Comperative Year Cumulative 30.06.2009</b>
1 Interest income	34,494	36,150	69,956	71,702
2 Interest expense	(2,532)	(3,612)	(5,301)	(6,910)
<b>3 Net interest income (1minus2)</b>	<b>31,962</b>	<b>32,539</b>	<b>64,655</b>	<b>64,792</b>
4 Bad debts written off	-	-	-	-
5 Impairment Losses on Loans and Advances	(1,777)	(2,005)	(3,616)	(4,173)
<b>6 Non interest income:</b>	<b>17,291</b>	<b>8,736</b>	<b>29,904</b>	<b>18,326</b>
6.1 Foreign currency dealings and translation gain/(loss)	3,959	1,065	4,919	2,198
6.2 Fee and commisions	11,375	5,809	21,580	12,399
6.3 Dividend income	-	-	-	-
6.4 Others operating income	1,957	1,862	3,405	3,728
<b>7 Non interest expense:</b>	<b>(29,510)</b>	<b>(23,149)</b>	<b>(55,041)</b>	<b>(43,642)</b>
7.1 Salaries and benefits	(12,482)	(9,919)	(24,079)	(19,548)
7.2 Fees and commissions	(330)	(488)	(330)	(488)
7.3 Other operation expenses	(16,698)	(12,742)	(30,632)	(23,606)
<b>8 Operating income/(loss)</b>	<b>17,966</b>	<b>16,121</b>	<b>35,902</b>	<b>35,302</b>
9 Income tax provision	(5,390)	(4,836)	(10,771)	(10,591)
<b>10 Net income(loss)after income tax</b>	<b>12,576</b>	<b>11,285</b>	<b>25,131</b>	<b>24,711</b>
11 Number of employees	2,521	2,239	2,521	2,239
12 Basic earnings per share	25	23	50	49
13 Diluted earnings per share	25	23	50	49
14 Number of branches	136	130	136	130
<b><u>SELECTED PERFORMANCE INDICATORS</u></b>				
(i) Return on average total assets	2.72%	3.00%	2.72%	3.28%
(ii) Return on average shareholders funds	24.15%	26.31%	24.56%	29.48%
(iii) Non interest expense to gross income	56.99%	51.57%	55.12%	48.48%
(iv) Net interest income to average earning assets	9.34%	11.30%	9.60%	11.37%

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

		<b>Current Quarter 30.06.2010</b>	<b>Previous Quarter 31.03.2010</b>
<b>I:</b>	<b>Cash flow from Operating activities:</b>		
	Net income(loss)	17,966	17,936
	Adjustment for:		
	- Impairment/amortization	3,057	1,863
	- Net change in loans and advances	3,427	(17,363)
	- Gain/loss on sale of assets	0	(0)
	- Net change in deposits	52,035	159,184
	- Net change in short term negotiable securities	0	0
	- Net change in other liabilities	6,889	1,916
	- Net change in other assets	1,466	(5,668)
- Tax paid	(6,652)	(5,412)	
- Others (Net change in SMR deposits)	(7,500)	0	
	<b>Net cash provided (used) by operating activities</b>	<b>70,689</b>	<b>152,456</b>
<b>II:</b>	<b>Cash flow from Investing activities:</b>		
	Dividends received	0	0
	Purchase of fixed assets	(7,287)	(4,996)
	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)	(29,079)	(5,034)
	<b>Net cash provided (used) by investing activities</b>	<b>(36,366)</b>	<b>(10,029)</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	(15,700)	0
	Net change in other borrowings	0	0
	Others (specify)	0	0
	<b>Net cash provided(used) by financing activities</b>	<b>(15,700)</b>	<b>0</b>
<b>IV:</b>	<b>Cash and Cash equivalents:</b>		
	Net increase/(decrease) in cash and cash equivalents	<b>18,623</b>	<b>142,426</b>
	Cash and cash equivalents at the beginning of the quarter	566,557	424,130
	<b>Cash and cash equivalents at the end of the quarter</b>	<b>585,179</b>	<b>566,557</b>

**Signed by****Date**

Ben Christiaanse    Chief Executive Officer    .....    30/07/2010

Waziri Barnabas    Chief Financial Officer    .....    30/07/2010

Augustino Mbogella    Chief Internal Auditor    .....    30/07/2010

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    .....    30/07/2010

Protase Tehingisa    Director    .....    30/07/2010