

**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, 2011**

(Amounts in million shillings)

		<b>Current Quarter 31.03.2011</b>	<b>Previous Quarter 31.12.2010</b>
<b>A.</b>	<b><u>ASSETS</u></b>		
1	Cash	150,351	164,153
2	Balances with Bank of Tanzania	267,215	235,073
3	Investments in Government securities	611,913	631,290
4	Balances with other banks and financial institutions	116,399	132,755
5	Cheques and items for clearing	8,408	7,145
6	Inter branch float items	153	162
7	Bills negotiated	-	-
8	Customers' liabilities for acceptances	-	-
9	Interbank loans receivables	-	-
10	Investments in other securities	-	-
11	Loans, advances and overdrafts (net of allowances for probable losses)	0	0
12	Other assets	946,693	857,784
13	Equity investments	28,431	27,282
14	Underwriting accounts	2,831	2,831
15	Property, Plant and equipment	-	-
15	Property, Plant and equipment	51,126	48,604
<b>16</b>	<b>TOTAL ASSETS</b>	<b>2,183,520</b>	<b>2,107,079</b>
<b>B.</b>	<b><u>LIABILITIES</u></b>		
17	Deposits from other banks and financial institutions	-	-
18	Customer deposits	1,844,182	1,804,006
19	Cash letters of credit	-	-
20	Special Deposits	7,698	16,131
21	Payment orders/transfers payable	-	-
22	Bankers' cheques and drafts issued	2,812	2,621
23	Accrued taxes and expenses payable	13,827	9,997
24	Acceptances outstanding	-	-
25	Inter branch float items	-	-
26	Unearned income and other deferred charges	-	-
27	Other liabilities	12,342	14,441
28	Borrowings	52,703	29,364
<b>29</b>	<b>TOTAL LIABILITIES</b>	<b>1,933,564</b>	<b>1,876,560</b>
<b>30</b>	<b>NET ASSETS /(LIABILITIES)</b>	<b>249,956</b>	<b>230,519</b>
<b>C.</b>	<b><u>SHAREHOLDERS' FUNDS</u></b>		
31	Paid up share capital	20,000	20,000
32	Capital reserves	0	0
33	Retained earnings	210,518	156,539
34	Profit(Loss) account	19,438	53,980
35	Others capital accounts	-	-
36	Minority interest	-	-
<b>37</b>	<b>TOTAL SHAREHOLDERS' FUNDS</b>	<b>249,956</b>	<b>230,519</b>
38	Contingent liabilities	30,052	72,874
39	Non performing loans & advances	15,176	32,288
40	Allowances for probable losses	10,170	16,965
41	Other non performing assets	727	743
<b>D</b>	<b><u>SELECTED FINANCIAL CONDITION INDICATORS</u></b>		
(i)	Shareholders Funds to total assets	11.45%	10.94%
(ii)	Non performing loans to total gross loans	1.59%	2.29%
(iii)	Gross loans and advances to total deposits	51.67%	48.06%
(iv)	Loans and advances to total assets	43.36%	40.71%
(v)	Earnings assets to total Assets	76.71%	76.97%
(vi)	Deposits growth	1.74%	7.60%
(vii)	Assets growth	3.63%	8.65%

**INCOME STATEMENT**  
**FOR THE PERIOD ENDED 31 MARCH, 2011**  
(Amounts in million shillings)

	<b>Current Quarter 31.03.2011</b>	<b>Comparative Quarter 31.03.2010</b>	<b>Current Year Cumulative 31.03.2011</b>	<b>Comparative Year Cumulative 31.03.2010</b>
1 Interest income	42,610	35,461	42,610	35,461
2 Interest expense	(3,446)	(2,769)	(3,446)	(2,769)
<b>3 Net interest income (1minus2)</b>	<b>39,164</b>	<b>32,692</b>	<b>39,164</b>	<b>32,692</b>
4 Bad debts written off	-	-	-	-
5 Impairment Losses on Loans and Advances	(2,571)	(1,839)	(2,571)	(1,839)
<b>6 Non interest income:</b>	<b>21,711</b>	<b>12,614</b>	<b>21,711</b>	<b>12,614</b>
6.1 Foreign currency dealings and translation gain/(loss)	1,770	960	1,770	960
6.2 Fee and commissions	17,837	10,206	17,837	10,206
6.3 Dividend income	-	-	-	-
6.4 Others operating income	2,104	1,448	2,104	1,448
<b>7 Non interest expense:</b>	<b>(30,535)</b>	<b>(25,531)</b>	<b>(30,535)</b>	<b>(25,531)</b>
7.1 Salaries and benefits	(14,727)	(11,597)	(14,727)	(11,597)
7.2 Fees and commissions	(2,351)	(1,972)	(2,351)	(1,972)
7.3 Other operation expenses	(13,457)	(11,962)	(13,457)	(11,962)
<b>8 Operating income/(loss)</b>	<b>27,769</b>	<b>17,936</b>	<b>27,769</b>	<b>17,936</b>
9 Income tax provision	(8,331)	(5,381)	(8,331)	(5,381)
<b>10 Net income(loss)after income tax</b>	<b>19,438</b>	<b>12,555</b>	<b>19,438</b>	<b>12,555</b>
11 Number of employees	2,670	2,521	2,670	2,521
12 Basic earnings per share	39	25	39	25
13 Diluted earnings per share	39	25	39	25
14 Number of branches	139	134	139	134
<b><u>SELECTED PERFORMANCE INDICATORS</u></b>				
(i) Return on average total assets	3.55%	2.72%	3.55%	2.72%
(ii) Return on average shareholders funds	31.81%	24.98%	31.81%	24.98%
(iii) Non interest expense to gross income	47.47%	53.11%	47.47%	53.11%
(iv) Net interest income to average earning assets	9.66%	9.88%	9.66%	9.88%

**CASH FLOW STATEMENT**  
**FOR THE QUARTER ENDED 31 MARCH, 2011**  
(Amounts in million shillings)

	<b>Current Quarter 31.03.2011</b>	<b>Previous Quarter 31.12.2010</b>
<b>I: Cash flow from Operating activities:</b>		
Net income(loss)	27,769	17,418
Adjustment for:	0	0
- Impairment/amortization	453	6,032
- Net change in loans and advances	(88,909)	(134,284)
- Gain/loss on sale of assets	0	6
- Net change in deposits	31,743	128,511
- Net change in short term negotiable securities	0	0
- Net change in other liabilities	1,921	(2,787)
- Net change in other assets	(1,140)	5,274
- Tax paid	(6,748)	(8,983)
- Others (Net change in SMR deposits)	(14,010)	(9,142)
<b><i>Net cash provided (used) by operating activities</i></b>	<b>(48,921)</b>	<b>2,045</b>
<b>II: Cash flow from Investing activities:</b>		
Dividends received	0	0
Purchase of fixed assets	(4,700)	(5,401)
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)	29,229	19,908
<b><i>Net cash provided (used) by investing activities</i></b>	<b>24,529</b>	<b>14,507</b>
<b>III: 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	0
Net change in other borrowings	23,339	29,364
Others (specify)	0	0
<b><i>Net cash provided(used) by financing activities</i></b>	<b>23,339</b>	<b>29,364</b>
<b>IV: Cash and Cash equivalents:</b>		
Net increase/(decrease) in cash and cash equivalents	<b>(1,054)</b>	<b>45,915</b>
Cash and cash equivalents at the beginning of the quarter	587,171	541,256
<b><i>Cash and cash equivalents at the end of the quarter</i></b>	<b>586,117</b>	<b>587,171</b>

**Signed by****Date**

Mark Wiessing  
Chief Executive Officer

May 07, 2011

Waziri Barnabas  
Chief Financial Officer

May 07, 2011

Augustino Mbogella  
Chief Internal Auditor

May 07, 2011

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

May 07, 2011

Protase Tehingisa     Director

May 07, 2011