

NATIONAL MICROFINANCE BANK PLC

**Report of Condition of the Bank Published Pursuant to
Section 32(3) of the Banking and Financial Institutions Act, 2006**

AUDITED BALANCE SHEET AS AT 31 DECEMBER, 2011

(Amounts in million shillings)

		Current Year 31.12.2011	Previous Year 30.12.2010
A.	<u>ASSETS</u>		
1	Cash	186,638	164,153
2	Balances with Bank of Tanzania	243,606	235,073
3	Investments in Government securities	361,943	631,290
4	Balances with other banks and financial institution	159,946	132,755
5	Cheques and items for clearing	12,791	7,145
6	Inter branch float items	1	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)	1,123,518	857,786
12	Other assets	19,198	31,104
13	Equity investments	3,805	2,831
14	Underwriting accounts	-	-
15	Property, Plant and equipment	58,804	48,604
16	TOTAL ASSETS	2,170,250	2,110,903
B.	<u>LIABILITIES</u>		
17	Deposits from other banks and financial institution	0	-
18	Customer deposits	1,797,479	1,796,310
19	Cash letters of credit	0	-
20	Special Deposits	7,220	16,131
21	Payment orders/transfers payable	0	-
22	Bankers' cheques and drafts issued	7,037	2,621
23	Accrued taxes and expenses payable	15,184	9,997
24	Acceptances outstanding	0	-
25	Inter branch float items	0	-
26	Unearned income and other deferred charges	0	-
27	Other liabilities	27,001	25,882
28	Borrowings	31,970	29,442
29	TOTAL LIABILITIES	1,885,891	1,880,383
30	NET ASSETS /(LIABILITIES)	284,359	230,520
C.	<u>SHAREHOLDERS' FUNDS</u>		
31	Paid up share capital	20,000	20,000
32	Capital reserves	-	-
33	Retained earnings	190,794	156,540
34	Profit(Loss) account	71,839	53,980
35	Others capital accounts	1,726	-
36	Minority interest	-	-
37	TOTAL SHAREHOLDERS' FUNDS	284,359	230,520
38	Contingent liabilities	59,397	72,875
39	Non performing loans & advances	18,128	32,288
40	Allowances for probable losses	15,689	16,965
41	Other non performing assets	161	720
D	<u>SELECTED FINANCIAL CONDITION INDICATORS</u>		
(i)	Shareholders Funds to total assets	13.10%	10.94%
(ii)	Non performing loans to total gross loans	1.59%	3.69%
(iii)	Gross loans and advances to total deposits	63.12%	48.06%
(iv)	Loans and advances to total assets	51.77%	40.71%
(v)	Earnings assets to total Assets	75.82%	76.97%
(vi)	Deposits growth	-0.43%	24.21%
(vii)	Assets growth	2.81%	26.45%

AUDITED INCOME STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER, 2011
(Amounts in million shillings)

		Current Year Cumulative 31.12.2011	Comparative Year Cumulative 31.12.2010
1	Interest income	193,005	141,442
2	Interest expense	(7,832)	(11,032)
3	Net interest income (1minus2)	185,173	130,410
4	Bad debts written off	-	-
5	Impairment Losses on Loans and Advances	(11,752)	(1,674)
6	Non interest income:	82,277	71,172
	6.1 Foreign currency dealings and translation gain/(loss)	7,437	12,489
	6.2 Fee and commissions	67,995	54,426
	6.3 Dividend income	-	-
	6.4 Others operating income	6,845	4,257
7	Non interest expense:	(152,912)	(121,463)
	7.1 Salaries and benefits	(63,646)	(46,460)
	7.2 Fees and commissions	(856)	(1,583)
	7.3 Other operation expenses	(88,410)	(73,420)
8	Operating income/(loss)	102,786	78,445
9	Income tax provision	(30,947)	(24,464)
10	Net income(loss)after income tax	71,839	53,981
11	Number of employees	2,650	2,610
12	Basic earnings per share	144	108
13	Diluted earnings per share	144	108
14	Number of branches	140	139
	<u>SELECTED PERFORMANCE INDICATORS</u>		
(i)	Return on average total assets	3.31%	3.85%
(ii)	Return on average shareholders funds	25.26%	34.63%
(iii)	Non interest expense to gross income	55.55%	57.13%
(iv)	Net interest income to average earning assets	12.43%	12.60%

AUDITED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER, 2011
(Amounts in million shillings)

	Current Year 31.12.2011	Previous Year 30.12.2010
I: Cash flow from Operating activities:		
Net income(loss)	114,476	87,079
Adjustment for:		
- Impairment/amortization	-	-
- Net change in loans and advances	(264,457)	(183,786)
- Gain/loss on sale of assets	-	-
- Net change in deposits	(7,948)	353,249
- Net change in short term negotiable securities	-	-
- Net change in other liabilities	10,627	16,776
- Net change in other assets	137,813	(45,307)
- Tax paid	(34,508)	(27,930)
- Others (Net change in SMR deposits)	(19,955)	(22,091)
Net cash provided (used) by operating activities	(63,952)	177,990
II: Cash flow from Investing activities:		
Dividends received	-	-
Purchase of fixed assets	(21,771)	(25,476)
Proceeds from sale of fixed assets	32	23
Purchase of non-dealing securities	-	-
Proceeds from sale of non-dealing securities	-	-
Others-(Equity investment)	(974)	(2,831)
Net cash provided (used) by investing activities	(22,713)	(28,284)
III: Cash Flow from Financing activities:		
Repayment of long-term debt	-	-
Proceeds from issuance of long term debt	-	-
Proceeds from issuance of share capital	-	-
Payment of cash dividends	(18,000)	(15,700)
Net change in other borrowings	2,528	29,442
Others (Specify)	-	-
Net cash provided(used) by financing activities	(15,472)	13,742
IV: Cash and Cash equivalents:		
Net increase/(decrease) in cash and cash equivalents	(102,137)	163,448
Cash and cash equivalents at the beginning of the quarter	587,578	424,130
Cash and cash equivalents at the end of the quarter	485,441	587,578

Signed by**Date**

Mark Wiessing
Chief Executive Officer

30/03/2011

Waziri Barnabas
Chief Financial Officer

30/03/2011

Augustino Mbogella
Chief Internal Auditor

30/03/2011

The above extracts are from the Financial Statements of the Bank for the year ended December 31 2011, which have been prepared in accordance with International Financial Reporting Standards (IFRS). The Financial Statements were audited by PriceWaterhouseCoopers, Certified Public Accountants, and received an unqualified audit report.

The Financial Statements were approved by the Board of Directors and signed on their behalf by:

Signed by**Date**

Misheck Ngatunga Board Chairman

30/03/2011

Protase Tehingisa Director

30/03/2011