

# 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 DECEMBER,2010 (Amounts in million shillings)

	Current Quarter 31.12.2010	Previous Quarter 30.09.2010
<b>A. ASSETS</b>		
1 Cash	164,153	131,201
2 Balances with Bank of Tanzania	235,073	227,144
3 Investments in Government securities	631,290	667,086
4 Balances with other banks and financial institutions	132,755	105,682
5 Cheques and items for clearing	7,145	4,162
6 Inter branch float items	162	5
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)	857,784	723,500
12 Other assets	27,281	32,711
13 Equity investments	2,831	2,831
14 Underwriting accounts	-	-
15 Property, Plant and equipment	48,604	44,937
<b>16 TOTAL ASSETS</b>	<b>2,107,079</b>	<b>1,939,260</b>
<b>B. LIABILITIES</b>		
17 Deposits from other banks and financial institutions	-	-
18 Customer deposits	1,804,006	1,683,361
19 Cash letters of credit	-	-
20 Special Deposits	16,131	8,265
21 Payment orders/transfers payable	-	-
22 Bankers' cheques and drafts issued	2,621	2,839
23 Accrued taxes and expenses payable	9,997	17,538
24 Acceptances outstanding	-	-
25 Inter branch float items	-	-
26 Unearned income and other deferred charges	-	-
27 Other liabilities	14,441	9,470
28 Borrowings	29,364	-
<b>29 TOTAL LIABILITIES</b>	<b>1,876,561</b>	<b>1,721,473</b>
<b>30 NET ASSETS /(LIABILITIES)</b>	<b>230,519</b>	<b>217,787</b>
<b>C. SHAREHOLDERS' FUNDS</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	53,980	41,248
35 Others capital accounts	-	-
36 Minority interest	-	-
<b>37 TOTAL SHAREHOLDERS' FUNDS</b>	<b>230,519</b>	<b>217,787</b>
38 Contingent liabilities	72,874	61,187
39 Non performing loans & advances	20,053	20,053
40 Allowances for probable losses	16,965	17,482
41 Other non performing assets	263	263
<b>D SELECTED FINANCIAL CONDITION INDICATORS</b>		
(i) Shareholders Funds to total assets	10.94%	11.23%
(ii) Non performing loans to total gross loans	2.29%	2.71%
(iii) Gross loans and advances to total deposits	48.06%	43.80%
(iv) Loans and advances to total assets	40.71%	37.31%
(v) Earnings assets to total Assets	76.97%	77.16%
(vi) Deposits growth	7.60%	1.26%
(vii) Assets growth	8.65%	2.00%

## CASH FLOW STATEMENT FOR THE QUARTER ENDED 31 DECEMBER,2010 (Amounts in million shillings)

	Current Quarter 31.12.2010	Previous Quarter 30.09.2010
<b>I: Cash flow from Operating activities:</b>		
Net income(loss)	17,418	21,508
Adjustment for:		
- Impairment/amortization	6,032	(783)
- Net change in loans and advances	(134,284)	(33,369)
- Gain/loss on sale of assets	6	0
- Net change in deposits	128,511	21,008
- Net change in short term negotiable securities	0	0
- Net change in other liabilities	(2,787)	3,347
- Net change in other assets	5,274	(424)
- Tax paid	(8,983)	(5,412)
- Others (Net change in SMR deposits)	(9,142)	0
<b>Net cash provided (used) by operating activities</b>	<b>2,043</b>	<b>5,875</b>
<b>II: Cash flow from Investing activities:</b>		
Dividends received	0	0
Purchase of fixed assets	(5,401)	(6,152)
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)	19,908	(43,646)
<b>Net cash provided (used) by investing activities</b>	<b>14,507</b>	<b>(49,798)</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	29,364	0
Others (specify)	0	0
<b>Net cash provided(used) by financing activities</b>	<b>29,364</b>	<b>0</b>
<b>IV: Cash and Cash equivalents:</b>		
Net increase/(decrease) in cash and cash equivalents	45,915	(43,923)
Cash and cash equivalents at the beginning of the quarter	541,256	585,179
<b>Cash and cash equivalents at the end of the quarter</b>	<b>587,171</b>	<b>541,256</b>

### Signed by

### Date

Mark Wiessing  
Chief Executive Officer

11/02/2011

Waziri Barnabas  
Chief Financial Officer

11/02/2011

Augustino Mbogella  
Chief Internal Audit

11/02/2011

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

11/02/2011

Protase Tehingisa  
Director

11/02/2011

## INCOME STATEMENT FOR THE PERIOD ENDED 31 DECEMBER,2010 (Amount in million shillings)

	Current Quarter 31.12.2010	Comparative Quarter 31.12.2009	Current Year Cumulative 31.12.2010	Comparative Year Cumulative 31.12.2009
1 Interest income	35,690	35,462	141,441	141,359
2 Interest expense	(3,044)	(3,225)	(11,032)	(13,841)
<b>3 Net interest income (1minus2)</b>	<b>32,647</b>	<b>32,237</b>	<b>130,409</b>	<b>127,518</b>
4 Bad debts written off	-	-	-	-
5 Impairment Losses on Loans and Advances	86	(2,106)	(1,674)	(7,025)
<b>6 Non interest income:</b>	<b>19,264</b>	<b>12,587</b>	<b>71,173</b>	<b>41,773</b>
6.1 Foreign currency dealings and translation gain/(loss)	1,066	964	12,718	4,142
6.2 Fee and commissions	15,957	10,265	49,822	30,842
6.3 Dividend income	-	-	-	-
6.4 Others operating income	2,241	1,358	8,633	6,788
<b>7 Non interest expense:</b>	<b>(34,579)</b>	<b>(25,287)</b>	<b>(121,464)</b>	<b>(94,227)</b>
7.1 Salaries and benefits	(13,297)	(10,014)	(50,065)	(40,419)
7.2 Fees and commissions	(865)	(130)	(9,441)	(1,357)
7.3 Other operation expenses	(20,417)	(15,143)	(61,957)	(52,451)
<b>8 Operating income/(loss)</b>	<b>17,418</b>	<b>17,431</b>	<b>78,445</b>	<b>68,038</b>
9 Income tax provision	(4,686)	(5,306)	(24,464)	(20,488)
<b>10 Net income(loss)after income tax</b>	<b>12,732</b>	<b>12,125</b>	<b>53,981</b>	<b>47,550</b>
11 Number of employees	2,610	2,478	2,610	2,478
12 Basic earnings per share	25	24	108	95
13 Diluted earnings per share	25	24	108	95
14 Number of branches	139	134	139	134
<b>SELECTED PERFORMANCE INDICATORS</b>				
(i) Return on average total assets	2.66%	2.62%	3.85%	3.01%
(ii) Return on average shareholders funds	23.86%	24.28%	34.63%	27.20%
(iii) Non interest expense to gross income	62.92%	56.15%	57.13%	51.45%
(iv) Net interest income to average earning assets	9.03%	10.05%	12.60%	10.69%



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