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)

A. ASSETS		T T	Current Year	Previous Year
A. ASSETS				
Cash 186,638 164,153	Α.	ASSETS	52:22:2522	30:12:12010
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 17,945 17,145 16 17,745 17,145	1		186,638	164,153
Balances with other banks and financial institution 159,946 132,755	2	Balances with Bank of Tanzania		235,073
Balances with other banks and financial institution 159,946 132,755	3	Investments in Government securities	361,943	631,290
Cheques and items for clearing	4	Balances with other banks and financial institution	159,946	
Bills negotiated	5	Cheques and items for clearing	12,791	
Customers' liabitities for acceptances - - -	6	Inter branch float items	1	162
Interbank loans receivables	7	Bills negotiated	-	-
Investments in other securities	8	Customers' liabitities for acceptances	-	-
Loans, advances and overdrafts (net of allowances for probable losses)	9	Interbank loans receivables	-	-
(net of allowances for probable losses) 1,123,518 857,786 12 Other assets 19,198 31,106 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. LIABILITIES Deposits from other banks and financial institution 0 - 18 Customer deposits 1,797,479 1,796,310 - 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 Unearmed 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	10	Investments in other securities	-	-
12	11	Loans, advances and overdrafts		
Equity investments			1,123,518	857,786
Underwriting accounts				
Property, Plant and equipment		• •	3,805	2,831
TOTAL ASSETS			-	-
B. LIABILITIES Deposits from other banks and financial institution 0	_			
Deposits from other banks and financial institution Customer deposits 1,797,479 1,796,310	16	TOTAL ASSETS	2,170,250	2,110,903
Deposits from other banks and financial institution Customer deposits 1,797,479 1,796,310	_			
Customer deposits				
Cash letters of credit			-	-
Special Deposits	_	· ·		1,796,310
Payment orders/transfers payable 0 3-1	-		-	-
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. SHAREHOLDERS' FUNDS 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		· · · · · · · · · · · · · · · · · · ·	, , , , , , , , , , , , , , , , , , ,	16,131
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. SHAREHOLDERS' FUNDS 2 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			-	- 2 624
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. SHAREHOLDERS' FUNDS 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 - - 4 TOTAL SHAREHOLDERS' FUNDS 284,359 230,520 38 Contingent liabilities 59,397 72,875 39 Non performing loans & advances 18,128 32,288 40				
Inter branch float items			, , , , , , , , , , , , , , , , , , ,	9,997
Unearned income and other deferred charges			-	-
27 Other liablities 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. SHAREHOLDERS' FUNDS 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 SELECTED FINANCIAL CONDITION INDICATORS 13.10% 10.94% (ii)			-	-
Borrowings 31,970 29,442 29 TOTAL LIABILITIES 1,885,891 1,880,383 30 NET ASSETS / (LIABILITIES) 284,359 230,520	_		-	75 007
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C. SHAREHOLDERS' FUNDS 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 SELECTED FINANCIAL CONDITION INDICATORS (i) Non performing loans to total assets 13.10% 10.94% (ii) Gross loans and advances to total deposits 63.12% 48.06% (iii) Gross loans and advances to total deposits 63.12% 48.06% (iv) Loans and advances to total asse				
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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 SELECTED FINANCIAL CONDITION INDICATORS (i) Shareholders Funds to total assets 13.10% 10.94% (ii) Non performing loans to total gross loans 1.59% 3.69% (iii) Ross loans and advances to total deposits 63.12% 48.06% (iv) Loans and advances to total assets 51.77% 40.71%	C	SHAREHOI DERS' FUNDS		
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 SELECTED FINANCIAL CONDITION INDICATORS (ii) Shareholders Funds to total assets 13.10% 10.94% (iii) Non performing loans to total gross loans 1.59% 3.69% (iii) Ross 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%			20 000	20 000
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 SELECTED FINANCIAL CONDITION INDICATORS (i) Shareholders Funds to total assets 13.10% 10.94% (ii) Non performing loans to total gross loans 1.59% 3.69% (iii) Non performing loans 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%			-	-
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 SELECTED FINANCIAL CONDITION INDICATORS (i) Shareholders Funds to total assets 13.10% 10.94% (ii) Non performing loans to total gross loans 1.59% 3.69% (iii) Non performing loans 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%			190 794	156 540
35				
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 SELECTED FINANCIAL CONDITION INDICATORS (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%			-	-
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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 SELECTED FINANCIAL CONDITION INDICATORS (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%			, -	, -
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 SELECTED FINANCIAL CONDITION INDICATORS (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%	38	Contingent liabilities	59,397	72,875
40 Allowances for probable losses 41 15,689 16,965 161 720 D SELECTED FINANCIAL CONDITION INDICATORS (i) Shareholders Funds to total assets 13.10% 10.94% 10.94% (ii) Non performing loans to total gross loans Gross loans and advances to total deposits (iv) 63.12% 48.06% 48.06% 40.71% 40.71% (iv) Loans and advances to total assets 51.77% 40.71% (v) 75.82% 76.97% 69.97% 40.21% (vi) Deposits growth 76.93% 24.21%		Non performing loans & advances		
41 Other non performing assets 161 720 D SELECTED FINANCIAL CONDITION INDICATORS 13.10% 10.94% (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%		Allowances for probable losses		
(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%	41			
(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%				
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(vi) Deposits growth -0.43% 24.21%				
		- J		
L (vii) Accets growth 2,9106 26,4506				
(VII) ASSECS GLOWIT 2.0170 20.4370	(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
	Interest expense	(7,832)	,
	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)
	Operating income/(loss)	102,786	78,445
	Income tax provision	(30,947)	(24,464)
10	Net income(loss)after income tax	71,839	53,981
	Number of employees	2,650	2,610
	Basic earnings per share	144	108
	Diluted earnings per share	144	108
14	Number of branches	140	139
			ı
	SELECTED PERFORMANCE INDICATORS	2 240/	2.050/
	Return on average total assets	3.31%	
	Return on average shareholders funds	25.26%	
` '	Non interest expense to gross income	55.55%	
(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	(102 127)	162 440
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	337,370	12 1,130
quarter	485,441	587,578

Signed by	<u>Date</u>
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