

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, 2010 (Amounts in million shillings)

	Current Year 31.12.2010	Previous Year 30.12.2009
A. ASSETS		
1 Cash	164,153	115,857
2 Balances with Bank of Tanzania	235,073	217,523
3 Investments in Government securities	631,290	523,084
4 Balances with other banks and financial institutions	132,755	81,572
5 Cheques and items for clearing	7,145	14,588
6 Inter branch float items	162	179
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	672,579
12 Other assets	27,281	12,096
13 Equity investments	2,831	0
14 Underwriting accounts	0	0
15 Property, Plant and equipment	48,604	31,855
16 TOTAL ASSETS	2,107,079	1,669,333
B. LIABILITIES		
17 Deposits from other banks and financial institutions	-	-
18 Customer deposits	1,804,006	1,452,719
19 Cash letters of credit	-	0
20 Special Deposits	16,131	6,680
21 Payment orders/transfers payable	-	0
22 Bankers' cheques and drafts issued	2,621	2,242
23 Accrued taxes and expenses payable	9,997	5,577
24 Acceptances outstanding	-	0
25 Inter branch float items	-	0
26 Unearned income and other deferred charges	-	0
27 Other liabilities	14,441	9,877
28 Borrowings	29,364	0
29 TOTAL LIABILITIES	1,876,561	1,477,095
30 NET ASSETS /(LIABILITIES)	230,519	192,239
C. SHAREHOLDERS' FUNDS		
31 Paid up share capital	20,000	20,000
32 Capital reserves	2,205	2,205
33 Retained earnings	154,334	122,484
34 Profit(Loss) account	53,980	47,550
35 Others capital accounts	-	-
36 Minority interest	-	-
37 TOTAL SHAREHOLDERS' FUNDS	230,519	192,239
38 Contingent liabilities	72,874	57,162
39 Non performing loans & advances	32,288	25,811
40 Allowances for probable losses	16,965	16,598
41 Other non performing assets	743	263
D SELECTED FINANCIAL CONDITION INDICATORS		
(i) Shareholders Funds to total assets	10.94%	11.52%
(ii) Non performing loans to total gross loans	3.69%	3.75%
(iii) Gross loans and advances to total deposits	48.06%	47.22%
(iv) Loans and advances to total assets	40.71%	40.29%
(v) Earnings assets to total Assets	76.97%	75.50%
(vi) Deposits growth	7.60%	21.57%
(vii) Assets growth	8.65%	20.59%

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

	Current Year 31.12.2010	Previous Year 30.12.2009
I: Cash flow from Operating activities:		
Net income (loss)	78,445	68,038
Adjustment for:		
- Impairment/amortization	10,554	16,291
- Net change in loans and advances	(185,205)	(103,101)
- Gain/loss on sale of assets	20	0
- Net change in deposits	360,738	252,359
- Net change in short term negotiable securities	0	0
- Net change in other liabilities	9,364	7,896
- Net change in other assets	(15,167)	(84,600)
- Tax paid	(27,930)	(20,337)
- Others (Net change in SMR deposits)	(22,091)	0
Net cash provided (used) by operating activities	208,727	136,545
II: Cash flow from Investing activities:		
Dividends received	0	0
Purchase of fixed assets	(23,837)	(21,646)
Proceeds from sale of fixed assets	0	8
Purchase of non-dealing securities	0	0
Proceeds from sale of non-dealing securities	0	0
Others-(Treasury Bonds/Bills /Equity investment)	(35,514)	51,073
Net cash provided (used) by investing activities	(59,351)	29,435
III: Cash Flow from Financing activities:		
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)	(15,000)
Net change in other borrowings	29,364	0
Others (specify)	0	0
Net cash provided(used) by financing activities	13,664	(15,000)
IV: Cash and Cash equivalents:		
Net increase/(decrease) in cash and cash equivalents	163,041	150,980
Cash and cash equivalents at the beginning of the year	424,130	273,151
Cash and cash equivalents at the end of the quarter	587,171	424,130


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

The above extracts are from the Financial Statements of the Bank for the year ended December 31 2010, which have been prepared in accordance with International Financial Reporting Standards (IFRS). The Financial Statements were audited by Pricewaterhouse Coopers, Certified Public Accountants, and received an unqualified audit report.

Signed by	Date
Misheck Ngatunga Board Chairman	11/02/2011
Protase Tehingisa Director	11/02/2011

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

	Current Year Cumulative 31.12.2010	Comparative Year Cumulative 31.12.2009
1 Interest income	141,441	141,359
2 Interest expense	(11,032)	(13,841)
3 Net interest income (1minus2)	130,409	127,518
4 Bad debts written off	-	-
5 Impairment Losses on Loans and Advances	(1,674)	(7,025)
6 Non interest income:	71,173	41,773
6.1 Foreign currency dealings and translation gain/(loss)	12,718	4,142
6.2 Fee and commissions	49,822	30,842
6.3 Dividend income	-	-
6.4 Others operating income	8,633	6,788
7 Non interest expense:	(121,464)	(94,227)
7.1 Salaries and benefits	(50,065)	(40,419)
7.2 Fees and commissions	(9,441)	(1,357)
7.3 Other operation expenses	(61,957)	(52,451)
8 Operating income/(loss)	78,445	68,038
9 Income tax provision	(24,464)	(20,488)
10 Net income(loss)after income tax	53,981	47,550
11 Number of employees	2,610	2,478
12 Basic earnings per share	108	95
13 Diluted earnings per share	108	95
14 Number of branches	139	134
SELECTED PERFORMANCE INDICATORS		
(i) Return on average total assets	3.85%	3.01%
(ii) Return on average shareholders funds	34.63%	27.20%
(iii) Non interest expense to gross income	57.13%	51.45%
(iv) Net interest income to average earning assets	12.60%	10.69%



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