

**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 30TH JUNE, 2014**

(Amounts in million shillings)

		<b>Current Quarter 30.06.14</b>	<b>Previous Quarter 31.03.14</b>
<b>A.</b>	<b><u>ASSETS</u></b>		
1	Cash	190,255	160,824
2	Balances with Bank of Tanzania	349,358	410,419
3	Investments in Government securities	801,101	816,570
4	Balances with other banks and financial institutions	28,089	105,572
5	Cheques and items for clearing	5,117	37,663
6	Inter branch float items	-	1,835
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)	1,897,916	1,729,973
12	Other assets	119,838	90,234
13	Equity investments	20,600	20,600
14	Underwriting accounts	-	-
15	Property, Plant and equipment	65,917	61,711
<b>16</b>	<b>TOTAL ASSETS</b>	<b>3,478,191</b>	<b>3,435,401</b>
<b>B.</b>	<b><u>LIABILITIES</u></b>		
17	Deposits from other banks and financial institutions	2,925	2,247
18	Customer deposits	2,616,226	2,664,833
19	Cash letters of credit	-	-
20	Special Deposits	13,846	15,789
21	Payment orders/transfers payable	-	-
22	Bankers' cheques and drafts issued	4,544	3,402
23	Accrued taxes and expenses payable	35,771	25,692
24	Acceptances outstanding	-	-
25	Inter branch float items	4,081	-
26	Unearned income and other deferred charges	16,253	15,386
27	Other liabilities	38,449	38,247
28	Borrowings	251,911	174,958
<b>29</b>	<b>TOTAL LIABILITIES</b>	<b>2,984,006</b>	<b>2,940,554</b>
<b>30</b>	<b>NET ASSETS /(LIABILITIES)</b>	<b>494,185</b>	<b>494,847</b>
<b>C.</b>	<b><u>SHAREHOLDERS' FUNDS</u></b>		
31	Paid up share capital	20,000	20,000
32	Capital reserves	-	-
33	Retained earnings	391,666	436,666
34	Profit(Loss) account	82,519	38,181
35	Others capital accounts	-	-
36	Minority interest	-	-
<b>37</b>	<b>TOTAL SHAREHOLDERS' FUNDS</b>	<b>494,185</b>	<b>494,847</b>
		-	-
38	Contingent liabilities	204,706	167,629
39	Non performing loans & advances	52,534	44,477
40	Allowances for probable losses	38,338	38,746
41	Other non performing assets	364	601
<b>D</b>	<b><u>SELECTED FINANCIAL CONDITION INDICATORS</u></b>		
(i)	Shareholders Funds to total assets	14.2%	14.4%
(ii)	Non performing loans to total gross loans	2.7%	2.5%
(iii)	Gross loans and advances to total deposits	73.6%	66.4%
(iv)	Loans and advances to total assets	54.6%	50.4%
(v)	Earnings assets to total Assets	78.4%	77.2%
(vi)	Deposits growth	-1.8%	4.0%
(vii)	Assets growth	1.2%	4.7%

**INCOME STATEMENT**  
**FOR THE PERIOD ENDED 30TH JUNE, 2014**

(Amounts in million shillings)

	<b>Current Quarter 30.06.2014</b>	<b>Comparative Quarter 30.06.2013</b>	<b>Current Year Cumulative 30.06.2014</b>	<b>Comparative Year Cumulative 30.06.2013</b>
1 Interest income	105,654	85,615	202,798	166,622
2 Interest expense	(7,655)	(6,522)	(14,795)	(12,335)
<b>3 Net interest income (1minus2)</b>	<b>97,999</b>	<b>79,093</b>	<b>188,003</b>	<b>154,287</b>
4 Bad debts written off	-	-	-	-
5 Impairment Losses on Loans and Advances	(4,669)	(2,738)	(9,322)	(6,233)
<b>6 Non interest income:</b>	<b>39,240</b>	<b>30,688</b>	<b>71,970</b>	<b>54,196</b>
6.1 Foreign currency dealings and translation gain/(loss)	4,104	1,835	7,405	3,455
6.2 Fee and commissions	33,635	25,618	60,773	47,240
6.3 Dividend income	-	-	-	-
6.4 Others operating income	1,501	3,235	3,792	3,501
<b>7 Non interest expense:</b>	<b>(69,230)</b>	<b>(58,301)</b>	<b>(132,767)</b>	<b>(110,901)</b>
7.1 Salaries and benefits	(32,520)	(27,192)	(62,516)	(49,770)
7.2 Fees and commissions	(3,460)	(2,339)	(5,603)	(4,647)
7.3 Other operating expenses	(33,250)	(28,770)	(64,648)	(56,484)
<b>8 Operating income/(loss)</b>	<b>63,340</b>	<b>48,742</b>	<b>117,884</b>	<b>91,349</b>
9 Income tax provision	(19,002)	(15,594)	(35,365)	(28,378)
<b>10 Net income(loss)after income tax</b>	<b>44,338</b>	<b>33,148</b>	<b>82,519</b>	<b>62,971</b>
11 Number of employees	2,929	2,827	2,929	2,827
12 Basic earnings per share	89	66	165	126
13 Diluted earnings per share	89	66	165	126
14 Number of branches	154	150	154	150
<b><u>SELECTED PERFORMANCE INDICATORS</u></b>				
(i) Return on average total assets	5.2%	4.5%	4.8%	4.1%
(ii) Return on average shareholders funds	36.1%	34.3%	33.0%	31.6%
(iii) Non interest expense to gross income	47.8%	50.1%	48.3%	50.2%
(iv) Net interest income to average earning assets	15.0%	14.8%	14.1%	13.8%

**CASH FLOW STATEMENT**  
**FOR THE QUARTER ENDED 30TH JUNE, 2014**  
(Amounts in million shillings)

		<b>Current Quarter 30.06.2014</b>	<b>Previous Quarter 31.03.2014</b>
<b>I:</b>	<b>Cash flow from Operating activities:</b>		
	Net income(loss)	63,340	54,544
	Adjustment for:		
	- Impairment/amortization	2,524	5,332
	- Net change in loans and advances	(167,943)	(115,680)
	- Gain/loss on sale of assets	-	-
	- Net change in deposits	(49,872)	94,164
	- Net change in short term negotiable securities	-	-
	- Net change in other liabilities	16,371	8,724
	- Net change in other assets	(27,769)	(33,577)
- Tax paid	(17,155)	(17,155)	
- Others (Net change in SMR deposits)	4,990	(13,154)	
	<b><i>Net cash provided (used) by operating activities</i></b>	<b>(175,514)</b>	<b>(16,802)</b>
<b>II:</b>	<b>Cash flow from Investing activities:</b>		
	Dividends received	-	-
	Purchase of fixed assets	(8,577)	(7,141)
	Proceeds from sale of fixed assets		
	Purchase of non-dealing securities	-	-
	Proceeds from sale of non-dealing securities	-	-
	Others-(Treasury Bonds/Bills /Equity investment)	(225)	6,245
	<b><i>Net cash provided (used) by investing activities</i></b>	<b>(8,802)</b>	<b>(896)</b>
<b>III:</b>	<b>Cash Flow from Financing activities:</b>		
	Repayment of long-term debt	-	-
	Proceeds from issuance of long term debt	-	-
	Proceeds from issuance of share capital	-	-
	Payment of cash dividends	(45,000)	-
	Net change in other borrowings	76,953	14,148
	Others (specify)	-	-
	<b><i>Net cash provided(used) by financing activities</i></b>	<b>31,953</b>	<b>14,148</b>
<b>IV:</b>	<b>Cash and Cash equivalents:</b>		
	Net increase/(decrease) in cash and cash equivalents	<b>(152,363)</b>	<b>(3,550)</b>
	Cash and cash equivalents at the beginning of the quarter	550,013	553,563
	<b><i>Cash and cash equivalents at the end of the quarter</i></b>	<b>397,650</b>	<b>550,013</b>

**Signed by****Date**

Mark Wiessing  
Chief Executive Officer

August 14, 2014

Waziri Barnabas  
Chief Financial Officer

August 14, 2014

Augustino Mbogella  
Chief Internal Auditor

August 14, 2014

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**

Prof. Joseph Semboja                      Board Chairman

August 14, 2014

Protase Tehingisa                      Director

August 14, 2014