

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 SEPTEMBER, 2014

(Amounts in million shillings)

		Current Quarter 30.09.14	Previous Quarter 30.06.14
A.	<u>ASSETS</u>		
1	Cash	173,016	190,255
2	Balances with Bank of Tanzania	524,462	349,358
3	Investments in Government securities	773,683	801,101
4	Balances with other banks and financial institutions	142,508	28,089
5	Cheques and items for clearing	4,954	5,117
6	Inter branch float items	219	-
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)	1,949,361	1,897,916
12	Other assets	121,587	119,838
13	Equity investments	20,600	20,600
14	Underwriting accounts	-	-
15	Property, Plant and equipment	75,952	65,917
16	TOTAL ASSETS	3,786,342	3,478,191
B.	<u>LIABILITIES</u>		
17	Deposits from other banks and financial institutions	2,493	2,925
18	Customer deposits	2,861,985	2,616,226
19	Cash letters of credit	-	-
20	Special Deposits	44,723	13,846
21	Payment orders/transfers payable	-	-
22	Bankers' cheques and drafts issued	3,465	4,544
23	Accrued taxes and expenses payable	48,716	35,771
24	Acceptances outstanding	-	-
25	Inter branch float items	-	4,081
26	Unearned income and other deferred charges	16,270	16,253
27	Other liabilities	65,281	38,449
28	Borrowings	211,697	251,911
29	TOTAL LIABILITIES	3,254,630	2,984,006
30	NET ASSETS /(LIABILITIES)	531,712	494,185
C.	<u>SHAREHOLDERS' FUNDS</u>		
31	Paid up share capital	20,000	20,000
32	Capital reserves	-	-
33	Retained earnings	391,666	391,666
34	Profit(Loss) account	120,046	82,519
35	Others capital accounts	-	-
36	Minority interest	-	-
37	TOTAL SHAREHOLDERS' FUNDS	531,712	494,185
38	Contingent liabilities	237,277	204,706
39	Non performing loans & advances	55,448	52,534
40	Allowances for probable losses	41,447	38,338
41	Other non performing assets	257	364
D	<u>SELECTED FINANCIAL CONDITION INDICATORS</u>		
(i)	Shareholders Funds to total assets	14.0%	14.2%
(ii)	Non performing loans to total gross loans	2.8%	2.7%
(iii)	Gross loans and advances to total deposits	68.5%	73.6%
(iv)	Loans and advances to total assets	51.5%	54.6%
(v)	Earnings assets to total Assets	75.7%	78.4%
(vi)	Deposits growth	10.5%	0.1%
(vii)	Assets growth	8.9%	0.0%

INCOME STATEMENT
FOR THE PERIOD ENDED 30TH SEPTEMBER, 2014
(Amounts in million shillings)

	Current Quarter 30.09.2014	Comparative Quarter 30.09.2013	Current Year Cumulative 30.09.2014	Comparative Year Cumulative 30.09.2013
1 Interest income	105,551	89,728	308,349	256,350
2 Interest expense	(10,751)	(6,815)	(25,546)	(19,150)
3 Net interest income (1 minus 2)	94,800	82,913	282,803	237,200
4 Bad debts written off	-	-	-	-
5 Impairment Losses on Loans and Advances	(5,939)	(2,540)	(15,262)	(8,773)
6 Non interest income:	38,473	28,455	110,442	82,652
6.1 Foreign currency dealings and translation gain/(loss)	4,658	2,736	12,063	6,192
6.2 Fee and commissions	30,921	24,612	91,693	71,852
6.3 Dividend income	-	-	-	-
6.4 Others operating income	2,894	1,107	6,686	4,608
7 Non interest expense:	(72,637)	(57,508)	(205,402)	(168,409)
7.1 Salaries and benefits	(32,460)	(26,789)	(94,976)	(73,957)
7.2 Fees and commissions	(6,645)	(2,539)	(12,248)	(7,186)
7.3 Other operating expenses	(33,532)	(28,180)	(98,178)	(87,266)
8 Operating income/(loss)	54,697	51,320	172,581	142,670
9 Income tax provision	(17,169)	(18,313)	(52,535)	(46,690)
10 Net income(loss)after income tax	37,528	33,007	120,046	95,980
11 Number of employees	2,993	2,871	2,993	2,871
12 Basic earnings per share	75	66	240	192
13 Diluted earnings per share	75	66	240	192
14 Number of branches	163	152	163	152
<u>SELECTED PERFORMANCE INDICATORS</u>				
(i) Return on average total assets	4.4%	4.5%	4.5%	4.1%
(ii) Return on average shareholders funds	28.8%	31.4%	31.5%	31.5%
(iii) Non interest expense to gross income	50.4%	48.7%	49.0%	49.7%
(iv) Net interest income to average earning assets	14.5%	15.5%	14.0%	13.8%

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

	Current Quarter 30.09.2014	Previous Quarter 30.06.2014
I: Cash flow from Operating activities:		
Net income(loss)	54,697	63,340
Adjustment for:		
- Impairment/amortization	4,403	2,524
- Net change in loans and advances	(51,445)	(167,943)
- Gain/loss on sale of assets	-	-
- Net change in deposits	276,204	(49,872)
- Net change in short term negotiable securities	-	-
- Net change in other liabilities	34,633	16,371
- Net change in other assets	(1,969)	(27,769)
- Tax paid	(17,155)	(17,155)
- Others (Net change in SMR deposits)	(10,026)	4,990
<i>Net cash provided (used) by operating activities</i>	289,342	(175,514)
II: Cash flow from Investing activities:		
Dividends received	-	-
Purchase of fixed assets	(14,451)	(8,577)
Proceeds from sale of fixed assets	-	-
Purchase of non-dealing securities	-	-
Proceeds from sale of non-dealing securities	-	-
Others-(Treasury Bonds/Bills /Equity investment)	59,917	(225)
<i>Net cash provided (used) by investing activities</i>	45,466	(8,802)
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	-	(45,000)
Net change in other borrowings	(40,214)	76,953
Others (specify)	-	-
<i>Net cash provided(used) by financing activities</i>	(40,214)	31,953
IV: Cash and Cash equivalents:		
Net increase/(decrease) in cash and cash equivalents	294,594	(152,363)
Cash and cash equivalents at the beginning of the quarter	397,650	550,013
<i>Cash and cash equivalents at the end of the quarter</i>	692,244	397,650

Signed by**Date**

Mark Wiessing
Managing Director

November 5, 2014

Waziri Barnabas
Chief Financial Officer

November 5, 2014

Augustino Mbogella
Chief Internal Auditor

November 5, 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

November 5, 2014

Protase Tehingisa Director

November 5, 2014