

**YETU MICROFINANCE BANK PLC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**



**YETU MICROFINANCE BANK PLC**

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FOR THE YEAR ENDED 31 DECEMBER 2019**

**CORPORATE INFORMATION**

Yetu Microfinance Bank PLC was incorporated in December 2013 in the United Republic of Tanzania under the Companies Act, Cap 212, Act No.12 as Microfinance Company and later in February 2017 changed to a Public Company Limited by Shares after securing a banking license. The bank is listed on the Dar es Salaam Stock Exchange since 2016.

**Registered Office**

Mkunazini Building,  
Kidongo Chekundu,  
P.O. Box 75379,  
Dar es Salaam,  
Tanzania.

**Company Secretary**

Miss. Joyceline Kobero

**Bankers**

NMB Bank,  
Bank House,  
P. O. Box 9213,  
Dar Es Salaam.

Bank of Africa,  
NDC Branch,  
P.O. Box 3054,  
Dar Es Salaam.

Mkombozi Bank,  
St. Joseph Branch,  
P. O. Box 38448,  
Dar es Salaam.

**Independent Auditors**

HLB MEKONSULT,  
Certified Public Accountants,  
2nd Floor, Acacia Estates,  
Plot. No. 84, Kinondoni Road,  
P.O. Box 20651,  
Dar es Salaam.



## YETU MICROFINANCE BANK PLC

### REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 1. Introduction

The directors present their report and audited financial statements for the year ended 31 December 2019 which disclose the state of affairs of Yetu Microfinance Bank Plc (Bank).

#### 2. Incorporation

The Bank was incorporated on 23 December 2013 under Companies Act, 2002 with Certificate of incorporation Number SO.104761 as Yetu Microfinance Limited. On 8 October 2014 the Bank was transformed into a public liability company hence the name was changed to Yetu Microfinance Bank PLC. The changes were prompted by the desire of the company to issue an Initial Public Offering (IPO) in 2015. The name of the company was changed to Yetu Microfinance Bank PLC following being licensed as a Microfinance Bank on 20 January 2017.

#### 3. Vision

To help improving access to finance, provide exceptional value to our clients and expand economic opportunities for the people of Tanzania.

#### 4. Mission

To become a market leader in Microfinance, branchless banking and mobile banking in offering simple innovative and value-added products and services to the micro and small enterprises and general Public.

#### 5. Principal activities

The principal activities of YETU Microfinance Bank PLC are to provide banking services with its core market being low end financial market. The bank provides its services using brick and motor branches and mobile banking.

#### 6. Capital structure

The bank's capital structure for the year ended is as disclosed below;

TZS

Authorized share capital	30 billion
Issued up and fully paid, share per value TZS, 500	6.056 billion

#### 7. Capital structure and shareholding of the Bank

The Capital structure and shareholding position of the Bank as at 31 December 2019 are as follows:

Name	No of shares	Value of shares (TZS)	Stake
Youth Self Employment Foundation (YOSEFO)	3,755,578	1,877,789,500	31%
Solidarité Internationale pour le Développement et l'Investissement (SIDI)	1,900,000	950,000,000	16%
Founding members and directors	1,234,350	617,175,000	10%
Employees	911,385	455,692,500	8%
Yetu Clients	3,508,570	1,754,285,100	28%
General Public	803,010	401,505,000	7%
<b>Total share capital</b>	<b>12,112,893</b>	<b>6,056,447,100</b>	



**YETU MICROFINANCE BANK PLC**

**REPORT OF THE DIRECTORS (CONTINUED)**

**8. Directors**

The directors of the Bank at the date of this report and who have served since January 2019, except otherwise stated are:

<b>Name</b>	<b>Position</b>	<b>Age</b>	<b>Discipline</b>	<b>Nationality</b>	<b>Date appointed</b>
Mr. Ernest K. Ndimbo	Chairman	67	Economist	Tanzanian	20 <sup>th</sup> February 2017
Mr. Altemius Millinga	Managing Director	60	Economist	Tanzanian	20 <sup>th</sup> February 2017
Mrs. Dr. Esther Rossiner Mbise	Non-Executive Director	63	Lecturer	Tanzanian	20 <sup>th</sup> February 2017
Mrs. Happy Sambega	Non-Executive Director	55	Accountant	Tanzanian	20 <sup>th</sup> February 2017
Mr. Cornelius Kariwa	Non-Executive Director	58	Advocate	Tanzanian	20 <sup>th</sup> February 2017
Mr. Danford Mbilinyi	Non-Executive Director	48	ICT Expert	Tanzanian	20 <sup>th</sup> February 2017
Mr. Valentine Vedasto	Non-Executive Director	34	Economist	Tanzanian	20 <sup>th</sup> February 2017
Mrs. Julie Szantyr	Non-Executive Director	38	Business & Finance	France	20 <sup>th</sup> February 2017

**Director's interest in the Bank**

Directors who held interests in the Bank and their respective shareholdings as disclosed below:

<b>Name</b>	<b>Number of shares held</b>
Mr. Altemius Millinga	538,990
Mrs. Esther Mbise	84,532
Mrs. Happy Sambega	175,159
Mr. Cornelius Kariwa	20,000
Mr. Danford Mbilinyi	2,000
Mr. Valentine Vedasto	200
Mrs. Julie Szantyr	-
	<b>820,881</b>

**9. Corporate Governance**

The board of directors consists of eight directors including the managing director. Apart from the managing director no other director holds an executive position in the Bank. The board has overall responsibility for the bank, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant matters, and reviewing the performance of management business plans and budgets. The board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and compliant with sound corporate governance principles.

The board is required to meet at least four times a year. The board delegates the day to day management of the business to the managing director assisted by the management team. The management team is invited to attend board meetings and facilitates the effective control of all the Bank's operational activities, acting as a medium of communication and coordination between all the various business units.



## YETU MICROFINANCE BANK PLC

### REPORT OF THE DIRECTORS (CONTINUED)

#### 10. Management Team

The Management of the Bank is led by the managing director assisted by the management team. The management team of the Bank as at year end and throughout the year is made of the following:

- Managing Director;
- Finance Manager;
- Operations Manager,
- Chief Internal Auditor,
- Credit Manager, and
- ICT Manager.

#### 11. Internal Audit Function

The Bank has established an independent internal audit function reporting to the audit committee. The chief of internal audit of the bank is Mrs. Angela Fanuel.

#### 12. Future Outlook

The Bank will continue to grow in terms of increase total assets, loan portfolio, and number of customers and experience geographical expansion and provide good return shareholders. The use of technology will be behind the growth based on investment in technology which the bank has made over the past two years. The technologies include mobile banking, remote account system (Android support POS) Biometric teller system and ATMs. The growth will also be supported skilled staff as result of the bank's current investment in human resources. At the macro level, we expect continued existence of regulatory and macro-economic environment which is supportive to banking and microfinance in particular.

#### 13. Market Overview

The Bank will continue to target low end market of financial services which typically need basic savings services, money transfer and micro and small loans. Based on fin scope report of 2017, only 17 % of Tanzanians have bank account and at the low-end market the percentage is lower. In rural areas based on the same report banking outreach is 9% there is the room for expansion and reaching more people does exist.

#### 14. Performance for the year

The bank performance for the year ended 2019 was good in term of increase in total assets, loan portfolio and maintained a profitable position, geographical outreach, maximization of uses of technology for financial delivery and optimization of use of resources. In 2019 the bank received an award of the best listed company from 2017 consecutively in the Enterprises Growth Market (EGM), Dar es Salaam Stock exchange.

#### 15. Dividend

In 2018 the bank declared its first dividend of TZS 35 per share.

#### 16. Staff Welfare

Microfinance business operation demand integrity, commitment, good customer care, people-oriented staff who can work in difficult environment, sometimes less attractive high caliber staff.

Management has designed number of compensation package in order to recruit and retain good quality and dedicated staff, including guaranteeing their bank loan equivalent to twelve times gross salary of an employee. The Bank also provide 13th month salary for all employees. Other staff incentives include a health insurance package.



**YETU MICROFINANCE BANK PLC**

**REPORT OF THE DIRECTORS (CONTINUED)**

**17. Training**

During the year 2019, YETU Microfinance Bank PLC invested in staff development aimed at improving the company's performance and understanding prudential regulations.

**18. Risk Management and Internal Control**

The board of director consists of 8 members, 7 non - executive member and the managing director. The Board takes overall responsibility for managing risk of the organization, including responsibility for identifying key risk areas, considering and monitoring investment decisions of significant financial consequences, business plans and budgets.

The board of directors assessed the internal control system of the company throughout the period ended 31st December 2019 and is of the opinion that they met acceptable criteria. The Board of Directors carries out the assessment function through formulation of various policies, their monitoring and evaluation of the performance of the bank continuous basis.

**19. Related Party Transactions**

All related party transactions and balances are disclosed in note 27 to these financial statements.

**20. Political Donations**

The bank did not make any political donations during the year.

**21. Corporate Social Responsibility**

The bank in partnership with YOSEFO has continued to support Mtanga School of people with physical disability, Kilombero and Minepa Secondary schools.

**22. Relationship with Stakeholders**

The bank continued to maintain a good relationship with all stakeholders including the regulators.

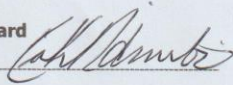
**23. Solvency**

The board of directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The board of directors has reasonable expectation that the bank has adequate resources to continue in operational existence for the foreseeable future.

**24. Auditors**

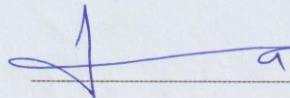
HLB MEKONSULT were appointed as auditors for the year ended 31 December 2019. The auditors have expressed their willingness to continue in office and are eligible for re-appointment. A resolution proposing the re-appointment of HLB MEKONSULT as auditors of the company will be put to the annual general meeting.

By Order of the Board



Chairman

17/04/2020  
Date



Director

17/04/2020  
Date



**YETU MICROFINANCE BANK PLC**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2019**

The board of directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The board of directors has reasonable expectation that the bank has adequate resources to continue in operational existence for the foreseeable future.

The directors are required in terms of the Tanzanian Companies Act 2002 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the bank as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards, requirements of the Companies Act, 2002 & the Banking and Financial Institution Act, 2006 and the guidelines of Bank of Tanzania.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the bank and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the bank and all employees are required to maintain the highest ethical standards in ensuring the bank's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the bank is on identifying, assessing, managing and monitoring all known forms of risk across the bank. While operating risk cannot be fully eliminated, the bank endeavors to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the bank's cash flow forecast for the year to December 31, 2019 and, in light of this review and the current financial position, they are satisfied that the bank has or had access to adequate resources to continue in operational existence for the foreseeable future.

The financial statements set out on pages 12 to 47, which have been prepared on the going concern basis, were approved by the board of directors on 17/04/2020 and were signed on their behalf by:

*[Signature]*

Chairman

17/04/2020

Date

*[Signature]*

Director

17/04/2020

Date



**YETU MICROFINANCE BANK PLC**

**DECLARATION OF HEAD OF FINANCE FOR THE YEAR ENDED 31 DECEMBER 2019**

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance/Accounting responsible for the preparation of financial statements of the entity concerned.

It is the duty of a professional accountant to assist the management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable international accounting standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the board of directors as under director's responsibility statement on the earlier page.

I, SAMUEL G. being the head of finance of Yetu Microfinance Bank Plc hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2019 have been prepared in compliance with International Financial Reporting Standards (IFRSs) and Tanzania companies Act, 2002.

I thus confirm that the financial statements present a true and fair view position of Yetu Microfinance Bank Plc on that date and that they have been prepared based on properly maintained financial records.

Name: SAMUEL GILKARO  
Signed: Sagho  
Date: 17.04.2020  
Position: FINANCE MANAGER  
NBAA Membership No: NBAA/GA-4732



**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF YETU MICROFINANCE BANK PLC**

**Opinion**

We have audited the financial statements of Yetu Microfinance Bank Plc, which comprise the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 12 to 47.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Yetu Microfinance Bank Plc as at 31 December 2019 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and complies with the requirements of Company's Act 2002, and the Banking and Financial Institutions Act, 2006.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) which is consistent with the National Board of Accountants and Auditors (NBAA) Code of Ethics, together with other ethical requirements that are relevant to our audit of the financial statements in Tanzania as, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, were of most significance in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. We have determined the following key audit matter (s) to communicate in Our report.

Key audit matter	How my audit addressed the key audit matter
<p>There is a risk of error in accounting for expected credit losses (ECLs) of the Bank's financial assets. Management's estimate of ECLs involves exercise of significant judgment in relation to probability of default (PD), loss given default (LGD), determining values of collateral valuation. This area is also susceptible to bias;</p> <ul style="list-style-type: none"> <li>• Credit quality and risk management processes are continuously evaluated by the Bank of Tanzania giving rise to a risk of non-compliance; and</li> <li>• The model developed for the computation of the expected credit losses might not be applied correctly, and or data inputs may not be complete and accurate.</li> </ul>	<p>Our response for loans included:</p> <ul style="list-style-type: none"> <li>• Assessing and testing the design and operating effectiveness of the controls over credit origination, monitoring including controls changed resulting from application of IFRS 9;</li> <li>• Assessing whether the Bank's credit policies are aligned with IFRS 9;</li> <li>• Evaluating, through our Financial Risk Management (FRM) specialists, the appropriateness of the Bank's IFRS 9 expected credit losses model;</li> <li>• Assessing, through our Information Risk Management (IRM) specialist, the completeness, accuracy and validity of data and inputs used in the computation of ECLs provision;</li> <li>• Using available external and independent information to confirm management's assumptions and judgments in determining ECLs provision.</li> <li>• For default loans, evaluating the feasibility of future cash flow forecasts prepared by management, validating the assumptions made, and comparing the estimates to external evidence where available.</li> </ul>



	<ul style="list-style-type: none"> <li>• For a sample of loans and advances, evaluating the regulatory credit risk grade to determine whether regulatory impairment was calculated based on an appropriate grading;</li> <li>• Using our data analysis tools to analyses the loan book data in performing our risk assessment; and</li> <li>• Considering the adequacy of the Bank's disclosures in respect of ECLs provision.</li> </ul> <p>We conclude that the risks observed have been materially reduced by the IFRS 9 Model implemented by management reasonably which covers all the requirements of the IFRS 9 standard i.e. assumption and estimates used of ECLs involve the exercise of significant judgment in relation to probability of default (PD), loss given default (LGD), discount rates used to discount collaterals, credit ratings and classification of IFRS 9 financial assets scope.</p>
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**Other Information**

Management is responsible for the other information. The other information comprises the information included in Directors' reports and the declaration of the Head, but does not include the financial statements and our audit reports thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that I obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Directors' Responsibility for the Financial Statements**

The management is responsible for the preparation of the financial statements that present a true and fair view in accordance with International Financial Reporting Standards (IFRSs) and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intend to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

**Auditor's Responsibility**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

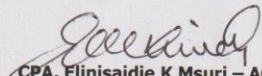
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### Report on Other Legal and Regulatory Requirements

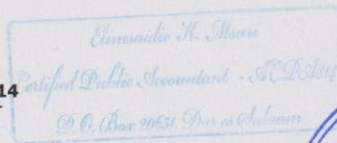
As required by companies' Act 2002, we report to you, based on our audit, that:

- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. in our opinion proper books of account have been kept by the Bank, so far as appears from our examination of those books; and
- iii. the Bank's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Yours faithfully,

  
**CPA, Elinisaidie K Msuri – ACPA 814**  
For and on behalf of HLB MEKONSULT  
Certified Public Accountants  
Dar es Salaam

Date: 



**YETU MICROFINANCE BANK PLC**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 TZS '000	2018 TZS '000
Interest income	6	4,969,115	5,027,399
Interest expense	7	(586,723)	(404,573)
<b>Net interest income</b>		<b>4,382,392</b>	<b>4,622,826</b>
Loan impairment reversal/ (charge)	16	196,143	(79,869)
<b>Net interest income after loans impairment</b>		<b>4,578,535</b>	<b>4,542,957</b>
<b>Non-interest income</b>			
Fees & commission	8	588,483	617,919
Other operating income	9	107,202	216,093
<b>Net /operating income</b>		<b>5,274,220</b>	<b>5,376,969</b>
<b>Operating expenses</b>			
Employee benefits expense	10	(2,344,063)	(1,934,470)
Depreciation and amortization	18 & 19	(213,125)	(128,299)
Administrative and operating expense	11	(1,920,873)	(2,346,031)
<b>Total operating expenses</b>		<b>(4,478,061)</b>	<b>(4,408,800)</b>
<b>Profit before tax</b>		<b>796,159</b>	<b>968,169</b>
Income tax expense	12	(114,782)	(260,140)
<b>Profit for the year</b>		<b>681,377</b>	<b>708,029</b>
Other Comprehensive Income		-	-
<b>Total comprehensive income</b>		<b>681,377</b>	<b>708,029</b>

Notes on page 16 to 47 form integral part of these financial statements.

Report of the Auditors – Page 9 and 11



**YETU MICROFINANCE BANK PLC**

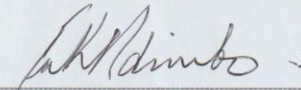
**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019**

	Notes	2019 TZS '000	2018 TZS '000
<b>ASSETS</b>			
Cash	13	352,173	273,805
Balance with Bank of Tanzania	14	268,200	107,999
Balances with other banks	15	1,331,810	642,769
Loans and advances (net)	16	15,710,854	12,613,928
Other assets	17	824,772	873,260
Property & equipment	18	301,013	382,978
Intangible assets	19	349,131	57,905
Deferred tax asset	24	442,003	-
<b>Total assets</b>		<b>19,579,956</b>	<b>14,952,645</b>
<b>Equity and Liabilities</b>			
Customer deposits	20	4,140,709	2,232,915
Other liabilities	21	409,097	893,371
Borrowings	23	6,500,000	4,000,000
Income tax payable	12	7,165	39,258
Deferred tax liability	24	-	18,898
Deferred grants	26	64,446	-
<b>Total liabilities</b>		<b>11,121,417</b>	<b>7,184,442</b>
<b>Shareholders' Equity</b>			
Share capital	25	6,056,497	6,056,497
Retained earnings		2,332,349	1,511,458
YOSEFO Capital Grant		69,693	69,693
General reserve		-	130,555
<b>Total shareholders' equity</b>		<b>8,458,539</b>	<b>7,768,203</b>
<b>Total equity and liabilities</b>		<b>19,579,956</b>	<b>14,952,645</b>

Notes on page 16 to 47 form integral part of these financial statements.

Report of the Auditors – Page 9 and 11

The financial statements on pages 16 to 47 were approved by the board of directors on 16 April 2020 and signed on its behalf by:

  
Chairman



YETU MICROFINANCE BANK PLC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital TZS '000	General reserve TZS '000	Regulatory reserve TZS '000	YOSEFO capital grant TZS '000	Retained earnings TZS '000	Total equity TZS '000
<b>Restated balance at 1 January 2018</b>	6,056,497	124,847	66,617	157,165	1,522,511	7,927,637
Addition/(Deletion) during the year	-	-	-	(50,368)	-	(50,368)
Transfer to deferred income	-	-	-	(37,104)	-	(37,104)
Transfer to general reserve	-	5,708	-	-	(5,708)	-
Transfer to regulatory reserve	-	-	(66,617)	-	66,617	-
Total comprehensive income for the year	-	-	-	-	708,029	708,029
Dividend paid	-	-	-	-	(779,990)	(779,990)
<b>Balance at 31st December 2018</b>	<b>6,056,497</b>	<b>130,555</b>	<b>-</b>	<b>69,693</b>	<b>1,511,458</b>	<b>7,768,203</b>
<b>Restated balance at 1 January 2019</b>	6,056,497	130,555	-	69,693	1,511,458	7,768,203
Transfer to retained earnings	-	(130,555)	-	-	130,555	-
Deferred tax asset understated last year	-	-	-	-	433,776	433,776
Total comprehensive income for the year	-	-	-	-	681,377	681,377
Dividend paid	-	-	-	-	(424,817)	(424,817)
<b>Balance at 31st December 2019</b>	<b>6,056,497</b>	<b>-</b>	<b>-</b>	<b>69,693</b>	<b>2,332,349</b>	<b>8,458,539</b>

Notes on page 16 to 47 form integral part of these financial statements

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**YETU MICROFINANCE BANK PLC**

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019**

	<b>2019</b>	<b>2018</b>
	<b>TZS '000</b>	<b>TZS '000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	796,159	968,169
Adjustments for:		
Prior year adjustment - IFRS9 implementation	-	(324,938)
Depreciation	213,125	128,299
<b>Net cash flow before changes in working capital</b>	<b>1,009,285</b>	<b>771,530</b>
<b>Changes in working capital:</b>		
Increase in loans and advances to customers	(3,096,926)	(62,814)
Decrease/(increase) in other current assets	48,488	(602,098)
Increase/(decrease) in customer deposits	1,907,794	(1,116,866)
(Decrease)/increase in other creditors	(484,274)	714,896
<b>Cash used in operations</b>	<b>(615,634)</b>	<b>(295,351)</b>
Income tax paid	(174,000)	(372,171)
<b>Net cash flow used in operating activities</b>	<b>(789,634)</b>	<b>(667,522)</b>
<b>Cash flows from investing activities</b>		
Purchase of property & equipment	(422,386)	(64,717)
<b>Net cash used in investing activities</b>	<b>(422,386)</b>	<b>(64,717)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	2,500,000	500,000
Repayment of borrowings	-	(150,000)
Utilization / deferred capital Grant	-	(87,472)
Dividends paid	(424,817)	(779,990)
Grant received	64,446	-
<b>Net cash used from financing activities</b>	<b>2,139,629</b>	<b>(517,462)</b>
<b>Net cash flow for the period</b>	<b>927,609</b>	<b>(1,249,702)</b>
Cash and cash equivalents as at 1st January	1,024,573	2,274,275
<b>Cash and cash equivalents as at 3<sup>1st</sup> December</b>	<b>1,952,183</b>	<b>1,024,573</b>

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