

## Report of Condition of the bank pursuant to section 32(3) of the Banking and Financial Institutions Act, 2006

# AUDITED FINANCIAL STATEMENTS

### BALANCE SHEET AS AT 31ST DECEMBER, 2018

	TZS '000	TZS '000
	Current Year 31 - 12 - 2018	Previous Year 31 - 12 - 2017
<b>A. ASSETS</b>		
1. Cash	10,160,903	11,718,552
2. Balances with Bank of Tanzania	25,939,729	18,648,882
3. Investment in Government securities	0	0
4. Balances with other Banks and Financial institution	6,405,995	10,680,862
5. Cheques and items for clearing	347,225	287,294
6. Interbranch float items	0	0
7. Bills negotiated	0	0
8. Customers' liabilities for acceptances	0	0
9. Interbank Loans Receivables	17,317,390	20,890,925
10. Investment in Other securities	0	0
11. Financing (net of allowances for probable losses)	152,450,514	132,726,333
12. Other assets	8,525,746	6,226,005
13. Equity investments	0	0
14. Underwriting Accounts	0	0
15. Property, Plant and Equipment	4,348,692	2,824,929
<b>16. TOTAL ASSETS</b>	<b>225,496,194</b>	<b>204,003,782</b>
<b>B. LIABILITIES</b>		
17. Deposits from other banks and Financial Institutions	0	0
18. Customer deposits	181,716,729	161,021,161
19. Cash Letters of Credit	0	0
20. Special deposits	14,588,970	16,751,471
21. Payment orders/ transfers,payables	0	0
22. Bankers Cheques and Drafts Issued	136,971	113,180
23. Accrued Taxes and Expenses Payable	568,447	415,215
24. Acceptances Outstanding	0	0
25. Interbranch float items	0	0
26. Unearned income and other deferred charges	296,213	427,205
27. Other Liabilities	1,796,202	1,549,272
28. Borrowings	0	0
29. TOTAL LIABILITIES	199,103,533	180,277,504
<b>30. NET ASSETS/(LIABILITIES)(16 minus 29)</b>	<b>26,392,661</b>	<b>23,726,278</b>
<b>C. SHAREHOLDERS' FUNDS</b>		
31. Paid up Share capital	39,697,089	35,697,280
32. Preference Share Capital	0	0
32. Capital Reserve	4,160,572	4,715,214
33. Retained Earnings	(18,081,493)	(17,675,869)
34. Profit (Loss) Account	616,493	989,653
35. Other Capital Accounts	0	0
36. Minority Interest	0	0
<b>37. TOTAL SHAREHOLDERS' FUNDS</b>	<b>26,392,661</b>	<b>23,726,278</b>
38. Contingent Liabilities	24,994,424	31,877,876
39. Non performing financing	8,290,865	7,628,759
40. Allowances for probable losses	1,758,824	2,140,051
41. Other non performing assets	0	0
<b>D. SELECTED FINANCIAL CONDITION INDICATORS</b>		
(i) Shareholders Funds to total assets	11.7%	11.6%
(ii) Nonperforming financing to total financing	5.4%	5.7%
(iii) Gross financing to total deposits	78.6%	75.9%
(iv) Financing to total assets	67.6%	65.1%
(v) Deposits Growth	10.4%	3.5%
(iv) Assets growth	10.5%	6.3%

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2018

	TZS '000	TZS '000
	Current Year 31 - 12 - 2018	Previous Year 31 - 12 - 2017
<b>I. Cash Flow from Operating Activities:</b>		
Net Income before tax	1,026,207	1,607,708
-Adjustment for Non-cash Items		
Impairment/Amortization/Depreciation	1,244,658	772,739
Gain/Loss from sale of fixed assets	0	-
- net change in Financing	(22,615,740)	(2,577,037)
- net change in deposits	18,377,338	5,901,114
- net change in statutory minimum reserve	(1,015,873)	2,048,104
- net change in other liabilities	438,676	1,184,035
- net change in other assets	(1,632,856)	(311,187)
- Tax paid	(72,450)	(51,016)
- Others (Securities)	0	-
<b>Net cash provided(used) by operating activities</b>	<b>(4,250,040)</b>	<b>8,574,460</b>
<b>II. Cash flow from investing activities</b>		
Dividend received	0	0
Purchase of property and equipment	(2,510,798)	(1,269,793)
Purchase of computer software	(370,048)	(105,310)
Proceeds from sale of fixed assets	0	0
Purchase of non-dealing securities	0	0
Proceed from sale of non- dealing Securities	0	0
Adjustment to work in progress	0	0
<b>Net cash provided(used) by investing activities</b>	<b>(2,880,846)</b>	<b>(1,375,103)</b>
<b>III. Cash flow from Financing activities</b>		
Repayment of long-term debt	0	0
Proceeds from issuance of shares	3,999,809	4,022,533
Proceeds from issuance of Share Capital	0	0
Payment of cash dividends	0	0
Net change in other borrowings	0	0
Others (specify)	0	0
<b>Net cash provided(used) by financing activities</b>	<b>3,999,809</b>	<b>4,022,533</b>
<b>IV. Cash and cash equivalents</b>		
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(3,131,077)</b>	<b>11,221,890</b>
Cash and cash equivalents at the beginning of the year	47,398,915	36,177,025
<b>Cash and cash equivalents at the end of the year</b>	<b>44,267,838</b>	<b>47,398,915</b>

### CONDENSED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2018

	Share Capital	Share Premium	Retained Earnings	Regulatory Reserve	General Provision Reserve	Others	Total
Current Year 2018							
<b>Balance as at the beginning of the Year</b>	<b>35,697,280</b>	<b>0</b>	<b>(16,686,216)</b>	<b>3,451,838</b>	<b>1,263,376</b>	<b>0</b>	<b>23,726,278</b>
Opening IFRS 9 Adjustment (Net of Deferred Tax)	0	0	(1,949,919)	-	-	0	(1,949,919)
Profit for the year	0	0	616,493	0	0	0	616,493
Issue of share	3,999,809	0	0	0	0	0	3,999,809
Other Comprehensive Income	0	0	0	0	0	0	-
Transactions with owners	0	0	0	0	0	0	-
Dividends Paid	0	0	0	0	0	0	-
Regulatory Reserve	0	0	608,241	(608,241)	0	0	-
General Provision Reserve	0	0	(53,599)	0	53,599	0	-
Others	0	0	0	0	0	0	-
<b>Balance as at the end of the current period</b>	<b>39,697,089</b>	<b>-</b>	<b>(17,465,000)</b>	<b>2,843,597</b>	<b>1,316,975</b>	<b>0</b>	<b>26,392,661</b>
Previous year 2017							
<b>Balance as at the beginning of the year</b>	<b>31,674,747</b>	<b>0</b>	<b>(16,036,597)</b>	<b>1,821,298</b>	<b>1,254,644</b>	<b>0</b>	<b>18,714,092</b>
Profit for the year	0	0	989,653	0	0	0	989,653
Other Comprehensive Income	402,253	0	0	0	0	0	402,253
Transactions with owners	0	0	0	0	0	0	0
Dividends Paid	0	0	0	0	0	0	0
Regulatory Reserve	0	0	-	0	0	0	0
General Provision Reserve	0	0	(1,630,540.00)	1,630,540	-	0	0
Others	0	0	(8,732)	-	8,732	0	0
<b>Balance as at the end of the previous period</b>	<b>35,697,280</b>	<b>-</b>	<b>(16,686,216)</b>	<b>3,451,838</b>	<b>1,263,376</b>	<b>0</b>	<b>23,726,278</b>

### INCOME STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2018

	TZS '000	TZS '000
	Current Year 31 - 12 - 2018	Previous Year 31 - 12 - 2017
<b>1. Income from Financing</b>	<b>19,430,994</b>	<b>18,672,099</b>
2. Depositors' Profit	(6,646,796)	(5,552,603)
3. Net Financing Income	12,784,198	13,119,496
4. Bad debts written off	0	0
5. Impairment losses on Financing	(339,820)	312,189
<b>6. Non Funded Income</b>	<b>7,138,710</b>	<b>5,499,661</b>
6.1 Foreign currency Dealings and Translation Gains/(Loss)	965,903	534,922
6.2 Fees and Commissions	6,095,528	4,772,686
6.3 Dividend Income	0	0
6.4 Other Operating Income	77,279	192,053
7. Operating Expenses	(18,556,881)	(17,323,638)
7.1 Salaries and Benefits	(8,240,581)	(7,451,831)
7.2 Fees and Commissions	(59,359)	(43,924)
7.3 Other operating Expenses	(10,256,941)	(9,827,883)
7.4 Pre Operating expenses	0	0
8. Operating Income/(Loss)	1,026,207	1,607,708
9. Income/deferred Tax Provision	(409,714)	(618,055)
10. Net Income/(loss) after Income Tax	616,493	989,653
11. Number of employees	218	182
12. Basic Earnings Per Share	16	28
13. Diluted Earnings Per Share	16	28
12. Number of Branches	8	7
<b>SELECTED PERFORMANCE INDICATORS</b>		
Return on average total assets	0.3%	0.5%
Return on ordinary shareholder's funds	2.3%	4.2%
Operating expenses to gross income	69.8%	71.7%
Profit margin to average earning assets	7.8%	9.0%

The above extracts are from the Financial Statements of the Bank for year ended 31st December 2018, which have been prepared in accordance with International Financial Reporting Standards (IFRS), Islamic Sharia Principles and the provisions of the Tanzania Companies Act, 2002. The Financial Statements were audited by KPMG ( Certified Public Accountants) and received unqualified audit report.

The Financial Statements were approved by the Board of Directors on March 29, 2019 and signed on their behalf by:

**Joseph Anthony Gonsalves**  
(Director)

Signed on March 29, 2019

**Dr. Muhsin Salim Masoud**  
(Managing Director)

Signed on March 29, 2019