

AUDITED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST DEC 2017

REPORT OF CONDITION OF BANK PURSUANT TO SECTION 32 (3) THE BANKING AND FINANCIAL INSTITUTIONS ACT 2006

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

(Amounts in million shillings)

A. ASSETS	NOTE	2017 TZS '000	2016 TZS '000
1 Cash Balances with Bank of Tanzania	14	36,612,816	42,158,648
2 Items in the course of collection	15	96,349	-
3 Loans and advances to banks	16	1,467,105	11,070,301
4 Loans and advances to customers	17(a)	312,257,036	298,313,523
5 Investment securities	18	81,895,838	58,822,236
6 Property and equipment	19	4,950,261	5,001,435
7 Intangible assets - Computer software	20	639,227	933,662
8 Deferred tax asset	21	3,550,713	2,176,944
9 Due from group companies	29	375,400	898,104
10 Other assets	22	1,610,608	1,570,598
TOTAL ASSETS		443,455,353	420,945,451
B. LIABILITIES			
11 Deposits from other banks and financial institutions	23	14,525,748	24,888,728
12 Items in the course of collection	15	-	158,913
13 Customer deposits	24	319,602,129	284,688,838
14 Due to group companies	29	481,666	2,180,369
15 Other liabilities	25	4,998,469	3,359,423
16 Tax payable	13(c)	121,842	152,260
17 Bankers' cheques and drafts issued	26	29,178,397	35,743,995
18 Long term borrowings	27	17,981,996	7,499,922
19 Subordinated debt		386,890,247	368,672,448
C. SHAREHOLDERS' FUNDS			
20 Share capital	28(b)	2,792,000	2,792,000
21 Share premium	28(b)	17,995,751	17,995,751
22 Retained earnings		33,038,798	28,781,302
23 General provisions		2,520,857	2,703,950
24 Available-for-sale reserve		217,700	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		443,455,353	420,945,451

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

(Amounts in million shillings)

	NOTE	2017 TZS '000	2016 TZS '000
1 Interest income	7	41,740,249	37,480,081
2 Interest expense	8	(17,875,553)	(15,953,985)
3 Net interest income		23,864,696	21,526,096
4 Fee and commission income	9(a)	4,964,347	4,501,210
5 Fee and commission expense	9(b)	(320,007)	(293,501)
6 Net fee and commission income		4,644,340	4,207,709
7 Revenue		28,509,036	25,733,805
8 Other operating income	10	2,273,159	2,343,523
Operating income		30,782,195	28,077,328
9 Staff costs	11	(9,098,016)	(7,914,630)
10 Premises and equipment costs	11	(1,614,540)	(1,688,225)
11 Other expenses	11	(7,278,619)	(6,827,759)
12 Depreciation and amortization	11	(1,424,326)	(1,323,578)
Operating expenses		(19,415,501)	(17,754,192)
13 Operating profit before impairment, losses and tax		11,366,694	10,323,136
14 Net impairment losses on loans and advances	17(c)	(4,399,027)	(2,224,967)
15 Profit before income tax		6,967,667	8,098,169
16 Income tax expense	12	(2,091,961)	(2,647,077)
17 Net profit for the year after tax	13(b)	4,875,706	5,451,092
18 Other comprehensive income			
Items that are or may be classified to profit or loss:			
(i) Net change in fair value of available-for-sale financial assets	18	311,000	-
(ii) Deferred tax on fair value of available-for-sale financial assets	21	(93,300)	-
Total other comprehensive income for the year		217,700	-
Total comprehensive income for the year		5,093,406	5,451,092

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

(Amounts in million shillings)

	NOTE	2017 TZS '000	2016 TZS '000
1 Net cash flows generated from/(used in) operating activities	33	17,244,274	(3,929,952)
Cash flows generated from (used in) operations		17,244,274	(3,929,952)
Tax paid	13(c)	(3,589,448)	(3,262,015)
2 Net cash flow generated from/(used in) operating activities:	9(b)	13,654,826	(7,191,967)
3 Cash flows from investing activities			
(i) Purchase of property and equipment	19	(892,766)	(375,563)
(ii) Dividend income		6,754	-
(iii) Purchase of intangible assets	20	(193,407)	(91,738)
(iv) Proceeds from disposal of property and equipment		511	3,999
4 Net cash used in investing activities		(1,078,908)	(463,302)
5 Cash flows from financing activities			
(i) Dividend paid		(801,303)	(1,477,535)
(i) Capital injection	29	-	10,910,751
(iii) Net increase in cash and cash equivalents		(801,303)	9,433,216
5 Net cash (used in)/generated from financing activities		11,774,615	1,777,947
7 Cash and cash equivalent at start of the year		(10,725,746)	(12,503,693)
8 Cash and cash equivalent at end of the year		1,048,869	(10,725,746)
9 Represented by:			
Cash and bank balances with Bank of Tanzania			
(i) (Excluding Cash Reserve Ratio)	14	14,011,163	12,616,821
(ii) Items in the course of collection	15	96,349	(158,913)
(iii) Loan and advance to banks	16	1,467,105	1,705,074
(iv) Deposits from banks	23	(14,525,748)	(24,888,728)
		1,048,869	(10,725,746)



PUBLICATION OF FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

(Amounts in million shillings)

2017	NOTE	SHARE CAPITAL TZS '000	SHARE PREMIUM TZS '000	RETAINED EARNINGS TZS '000	GENERAL PROVISIONS TZS '000	REGULATORY RESERVE TZS '000	AVAILABLE FOR SALE RESERVE TZS '000	TOTAL
At 1 January 2017		2,792,000	17,995,751	28,781,302	2,703,950	--	-	52,273,003
Comprehensive income for the year								
Net profit after tax		-	-	4,875,706	-	-	-	4,875,706
Total comprehensive income for the year		-	-	4,875,706	-	-	-	4,875,706
Other comprehensive income								
Available for sale reserve		-	-	-	-	-	311,000	311,000
Tax charge -Available for sale reserve		-	-	-	-	-	(93,300)	(93,300)
Transfer to general banking reserve		-	-	183,093	183,093	-	-	-
Total other comprehensive income for the year		-	-	183,093	183,093	-	217,700	217,700
Total comprehensive income for the year				5,058,799	(183,093)		217,700	5,093,406
Transactions with owners, recorded directly in equity								
Interim dividend paid		-	-	(801,303)	-	-	-	(801,303)
Rights Issue	28	-	-	-	-	-	-	-
Total transactions with owners for the year				(801,303)				(801,303)
Balance as at 31 December 2017		2,792,000	17,995,751	33,038,798	2,520,857	-	217,700	56,565,106

2016	NOTE	SHARE CAPITAL TZS '000	SHARE PREMIUM TZS '000	RETAINED EARNINGS TZS '000	GENERAL PROVISIONS TZS '000	REGULATORY RESERVE TZS '000	AVAILABLE FOR SALE RESERVE TZS '000	TOTAL
At 1 January 2016		2,395,000	7,482,000	26,755,321	310,525	445,878	-	37,388,724
Comprehensive income for the year								
Net profit after tax		-	-	5,451,092	-	-	-	5,451,092
Total comprehensive income for the year		-	-	5,451,092	-	-	-	5,451,092
Other comprehensive income								
Transfer to statutory reserve		-	-	(1,947,547)	2,393,425	(445,878)	-	-
Total other comprehensive income for the year		-	-	(1,947,547)	2,393,425	(445,878)	-	-
Total comprehensive income for the year		-	-	3,503,545	2,393,425	(445,878)	-	5,451,092
Transactions with owners, recorded directly in equity								
Interim dividend paid		-	-	(1,477,564)	-	-	-	(1,477,564)
Rights Issue	28	397,000	10,513,751	-	-	-	-	10,910,751
Total transactions with owners for the year		397,000	10,513,751	(1,477,564)	-	-	-	9,433,187
Balance as at 31 December 2017		2,792,000	17,995,751	28,781,302	2,703,950	-	-	52,273,003

In preparation of the quarterly financial statements, consistent accounting policies have been used as those applicable to the previous year audited financial statements (if there were changes during the quarter, the changes be explained as per IAS 34 & IAS 8).

NAME AND TITLE	SIGNATURE	DATE
Baseer Mohammed (Chief Executive Officer)	(Signed)	26.01.2018
Amulike Kamwela (Head of Finance)	(Signed)	26.01.2018
Aimtonga Adolph (Chief Internal Auditor)	(Signed)	26.01.2018

We, the undersigned directors, attest to the faithful representation 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 International Financial Reporting Standards and the requirements of the Banking and Financial Institutions Act, 2006 and they present a true and fair view.

NAME	SIGNATURE	DATE
Sarit Shah	(Signed)	26.01.2018
Pratul H. Shah	(Signed)	26.01.2018