

### EXTRACT FROM AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

#### STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	2018 TZS '000	2017 TZS '000
<b>Assets</b>		
Cash and balances with Bank of Tanzania	16,545,098	15,258,459
Balances with other banks	11,972,632	2,420,918
Cheques in the course of collection	441,010	318,015
Placements with other banks	10,374,852	15,622,361
Loans and advances	53,296,307	50,276,963
Government securities held to maturity	17,612,624	32,778,598
Other assets	172,548	502,358
Property Plant and Equipment	730,136	400,622
Leasehold improvements	27,165	42,280
Intangible assets	275,206	356,730
Tax receivable	457,827	451,327
Deferred tax asset	865,156	659,759
<b>Total Assets</b>	<b>112,770,562</b>	<b>119,088,389</b>
<b>Liabilities</b>		
Deposits from banks	12,338,458	19,330,258
Deposits from customers	78,821,287	77,973,813
Other liabilities	569,657	546,790
<b>Total Liabilities</b>	<b>91,729,402</b>	<b>97,850,860</b>
<b>Equity</b>		
Issued capital	20,025,247	20,025,247
Accumulated losses	(1,825,461)	(2,392,549)
Regulatory reserve	2,841,374	3,604,831
<b>Total Equity</b>	<b>21,041,160</b>	<b>21,237,529</b>
<b>Total Liabilities and Equity</b>	<b>112,770,562</b>	<b>119,088,390</b>
<b>Selected Financial Condition Indicators</b>		
Total issued capital to total assets	18%	17%
Non-performing loans to total advances	10%	9%
Gross Loans to total deposits	60%	55%
Loans to total assets	47%	42%

#### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 TZS '000	2017 TZS '000
Interest income	8,922,176	9,872,439
Interest expenses	(3,498,714)	(4,056,843)
<b>Net interest income</b>	<b>5,423,462</b>	<b>5,815,596</b>
Fees and commission	968,931	950,452
Foreign currency translation	181,213	96,419
Other operating income	387,599	304,114
<b>Operating income</b>	<b>6,961,204</b>	<b>7,166,581</b>
Recoveries made during the year	364,471	559,406
<b>Total operating income</b>	<b>7,325,675</b>	<b>7,725,987</b>
Impairment losses on loans and advances	(1,093,390)	(1,505,949)
impairment on other risk assets	(307,511)	(33,506)
<b>Total impairment</b>	<b>(1,400,902)</b>	<b>(1,539,455)</b>
<b>Net operating income</b>	<b>5,924,774</b>	<b>6,186,532</b>
<b>Operating expenses</b>		
Personnel expenses	(2,300,728)	(2,259,821)
Depreciation and amortization	(349,040)	(488,519)
Other operating expenses	(3,563,262)	(3,164,406)
<b>Total operating expenses</b>	<b>(6,213,030)</b>	<b>(5,912,746)</b>
<b>Profit/ (loss) before tax</b>	<b>(288,256)</b>	<b>273,786</b>
Income tax (expense)/credit	91,896	(87,810)
<b>Profit/ (loss) for the year</b>	<b>(196,360)</b>	<b>185,975</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income/ (loss) for the year</b>	<b>(196,360)</b>	<b>185,975</b>
<b>Selected Financial Performance Indicators</b>		
Return on total assets	-0.17%	0.16%
Return on Equity	-0.93%	0.88%
Non-interest income to net interest income	28.35%	23.2%
Operating expenses to total assets	5.51%	5.0%
Interest margin to average earning assets	6.67%	5.9%
Non-interest expense to gross income	59.40%	52.7%

#### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 TZS '000	2017 TZS '000
<b>Cash flow from operating activities</b>		
Profit before tax	(288,256)	273,786
<b>Adjustments for</b>		
Impairment of loans and advances	1,093,390	1,505,949
Impairment of other risk assets	307,511	33,506
Depreciation of property and equipment	204,360	216,917
Amortisation of leasehold improvements	38,577	151,786
Amortisation of intangible assets	106,103	119,816
Gain on asset disposal	(1,290)	-
Foreign exchange gain	(181,213)	96,419
<b>Cash flows from operating profits before working capital changes</b>	<b>1,279,182</b>	<b>2,398,179</b>
<b>Changes in operating assets and liabilities:</b>		
Statutory Minimum reserve	1,515,788	1,139,839
Loans and advances	(4,112,735)	282,014
Government securities held to maturities over 90 days	15,215,987	2,133,450
Other assets	22,299	(66,045)
Deposit from banks	(6,991,800)	734,467
Deposits from customers	847,474	4,845,346
Other liabilities	22,858	(137,507)
<b>Net cash inflows from/(used in) operating activities</b>	<b>7,799,053</b>	<b>11,329,743</b>
Tax paid	(120,000)	(210,000)
<b>Net cash inflows from/(used in) operating activities</b>	<b>7,679,053</b>	<b>11,119,743</b>
Additions to leasehold improvements	(23,462)	-
Proceeds from assets disposal	1,290	-
Purchase of property and equipment	(533,875)	(85,178)
Purchase of intangible assets	(24,579)	-
<b>Net cash used in investing activities</b>	<b>(580,626)</b>	<b>(85,178)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>7,098,427</b>	<b>11,034,565</b>
<b>Foreign exchange gain</b>	<b>181,213</b>	<b>(96,419)</b>
Cash and cash equivalents at the beginning of the year	40,781,927	29,843,781
<b>Cash and cash equivalents at the end of the year</b>	<b>48,061,567</b>	<b>40,781,927</b>

#### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital TZS '000	Accumulated losses TZS '000	Regulatory reserve (Other Assets) TZS '000	Regulatory reserve TZS '000	General Regulatory reserve TZS '000	Total TZS '000
<b>Balance as at 1 January 2017</b>	20,025,247	(2,047,849)	9,022	3,516,723	453,894	21,957,037
Capital injection	-	-	-	-	-	-
Profit for the year	-	185,975	-	-	-	185,975
Transfer to regulatory reserve	-	374,807	-	(384,988)	10,180	-
<b>Balance at 31 December 2017</b>	<b>20,025,247</b>	<b>(1,487,067)</b>	<b>9,022</b>	<b>3,131,735</b>	<b>464,074</b>	<b>22,143,011</b>
Changes on initial application of IFRS 9	-	(905,482)	-	-	-	(905,482)
<b>Restated Balance as at 1 January 2018</b>	<b>20,025,247</b>	<b>(2,392,549)</b>	<b>9,022</b>	<b>3,131,735</b>	<b>464,074</b>	<b>21,237,529</b>
Capital injection	-	-	-	-	-	-
Loss for the year	-	(196,360)	-	-	-	(196,360)
Transfer to regulatory reserve	-	763,448	(9,022)	(686,762)	(67,673)	(9)
<b>Balance at 31 December 2018</b>	<b>20,025,247</b>	<b>(1,825,461)</b>	<b>-</b>	<b>2,444,973</b>	<b>396,401</b>	<b>21,041,160</b>

In preparation of the yearly financial statements, consistent accounting policies have been used as those applicable to the previous year audited financial statements (Any changes during the period, shall be explained as per IAS 34 & IAS 8)

Signed By:

RAMA KRISHNA MARAKANI  
Chief Executive Officer  
Date: 29 March 2019

AMANI MWIDETE  
Finance Manager  
Date: 29 March 2019

JOHN MWAKASONDA  
Head - Internal Audit  
Date: 29 March 2019

The extract from audited financial statements of the Bank for the year ended 31 December 2018, which has been prepared in accordance to International Financial Reporting Standard (IFRS). Financial Statements were audited by Ernst & Young Certified Public Accountants and received a clean audit report

The financial statement were approved by Board of Directors and signed by:

**LIM TEONG LIAT** Chairman Date: 29 March 2019

**CHARLES RWECHUNGURA** Director Date: 29 March 2019