

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

EXTRACTS FROM THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER
2017

(Amounts in million shillings)

Current Year
31-Dec-2017

Previous Year
31-Dec-2016

	Current Year 31-Dec-2017	Previous Year 31-Dec-2016
A. ASSETS:		
1. Cash	148	87
2. Balances with Bank of Tanzania	871	114
3. Investments in government securities	1,775	12,740
4. Balances with other banks and financial institutions	21	59
5. Cheques and Items for clearing	-	-
6. Inter branch float items	-	-
7. Bills negotiated	-	-
8. Customers' liabilities for acceptances	-	-
9. Interbank loans receivables	14,837	10,339
10. Investment in other securities	-	-
11. Loans, advances and overdrafts (Net of allowance for probable losses)	11,195	607
12. Other assets	6,585	6,697
13. Equity investments	-	-
14. Underwriting accounts	-	-
15. Property, plant and equipment (net)	2,366	2,974
16. TOTAL ASSETS	37,798	33,617
B. LIABILITIES:		
17. Deposits from other banks and financial institutions	4,478	-
18. Customer deposits	5,478	1,422
19. Cash letters of credit	-	-
20. Special deposits	-	-
21. Payment orders/transfers payable	-	-
22. Bankers' cheques and drafts issued	-	-
23. Accrued taxes and expenses payable	544	827
24. Acceptances outstanding	-	-
25. Interbranch float items	-	-
26. Unearned income and other deferred charges	-	-
27. Other liabilities	188	191
28. Borrowings	-	-
29. TOTAL LIABILITIES	10,688	2,440
30. NET ASSETS/(LIABILITIES) (16 minus 29)	27,110	31,177
C. SHAREHOLDERS' FUNDS:		
31. Paid up share capital	30,912	30,912
32. Capital reserves	114	6
33. Retained Earnings	151	988
34. Profit (Loss) account	(4,271)	(729)
35. Others capital accounts (Bond revaluation reserve)	204	-
36. Minority interest	-	-
37. TOTAL SHAREHOLDERS' FUNDS	27,110	31,177
38. CONTINGENT LIABILITIES		
39. Non-performing loans & advances	12	-
40. Allowances for probable losses	12	-
41. Other non-performing assets	-	-
D. SELECTED FINANCIAL CONDITION INDICATORS		
- Gross Loans and Advances to Total Deposits	113%	42%
- Non-Performing Loans to Total Gross Loans	0%	0%
- Earning Assets to Total Assets	74%	70%
- Growth in Total Assets	12%	4%
- Growth in Loans and Advances to Customers	1745%	100%
- Growth in Customer Deposits	281%	100%

**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2017**
(Amounts in million shillings)

Current Year
Cumulative
31-Dec-2017

Previous Year Cumulative
31-Dec-2016

1. Interest income	3,583	3,819
2. Interest expense	417	15
3. Net interest income (1 minus 2)	3,166	3,804
4. Bad debts written-off	-	-
5. Impairment losses on loans and advances	12	-
6. Non- interest income:	265	30
6.1 Foreign currency dealings and translation gains/(loss)	(8)	(1)
6.2 Fees and commissions	271	31
6.3 Dividend income	-	-
6.4 Other operating income	2	-
7. Non-interest expenses	7,690	4,563
7.1 Salaries and benefits	3,133	1,785
7.2 Fees and commission	-	-
7.3 Other operating expenses	4,557	2,778
8. Operating income/(loss)	(4,271)	(729)
9. Income tax provision	-	-
10. Net income/(loss) after income tax	(4,271)	(729)
11. Other Comprehensive Income	204	-
12. Total comprehensive Income/(loss) for the year	(4067)	-
13. Number of employees	54	44
14. Basic Earnings Per Share	(66)	(11)
15. Number of branches	1	1
SELECTED PERFORMANCE INDICATORS		
(i) Return on Average Total Assets	(11%)	(2%)
(ii) Return on Average Shareholders' Funds	(15%)	(2%)
(iii) Cost to income ratio	225%	119%
(iv) Non-interest income to gross income	8%	0%

CONDENSED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 31 DECEMBER 2017 (Amounts in million shillings)	Current Year Cumulative 31-Dec-2017	Comparative Year Cumulative 31-Dec-2016
I. Cash flow from operating activities:		
Net (loss)profit before tax	(4,271)	(729)
Adjustment for:		
- Impairment/amortisation/depreciation	1,857	675
- Net change in loans and advances	(15,463)	11,963
- Gain/loss on sale of assets	-	-
- Net change in deposits	8,520	1,436
- Net change in short term negotiable securities	-	-
- Net change in other liabilities	(273)	629
- Net change in other assets	117	(201)
- Tax paid	-	(141)
- Others	-	-
Net cash provided (used) by operating activities	(9,513)	13,632
II. Cash flow from investing activities:		
- Dividend received	-	-
- Purchase of fixed assets	(197)	(3,348)
- Proceeds from sale of fixed assets	-	-
- Purchase of non-dealing securities	11,182	(6,919)
- Proceeds from sale of non-dealing securities	-	-
- Others (Purchase of intangible assets)	(1,018)	(4,036)
Net cash provided (used) by investing activities	9,967	(14,303)
III. Cash 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	-	-
- Net change in other borrowings	-	-
- Others	-	-
Net cash provided (used) by financing activities	-	-
IV. Cash and cash equivalents:		
- Net increase/(decrease) in cash and cash equivalents	454	(671)
- Cash and cash equivalents at the beginning of the year	190	861
- Cash and cash equivalents at the end of the quarter	644	190

CONDENSED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2017 (Amounts in million shillings)					
	Share Capital	Retained Earnings	Regulatory Reserve	Bond Revaluation Reserve	Total
Current Year					
Balance as at the beginning of the year	30,912	259	6	-	31,177
Profit for the year	-	(4,271)	-	-	(4,271)
Other Comprehensive Income	-	-	-	-	-
Transactions with owners	-	-	-	-	-
Dividends Paid	-	-	-	-	-
Regulatory Reserve	-	(108)	108	-	-
General Provision Reserve	-	-	-	-	-
Others (Bond revaluation reserve)	-	-	-	204	204
Balance as at the end of the current period	30,912	(4,120)	114	204	27,110
Previous Year					
Balance as at the beginning of the year	30,912	994	-	-	31,906
Profit for the year	-	(729)	-	-	(729)
Other Comprehensive Income	-	-	-	-	-
Transactions with owners	-	-	-	-	-
Dividends paid	-	-	-	-	-
Regulatory Reserve	-	(6)	6	-	-
Others	-	-	-	-	-
Balance as at the end of the previous period	30,912	259	6	-	31,177

**SELECTED EXPLANATORY NOTES
FOR THE PERIOD ENDED 31 DECEMBER 2017**

In preparation of the yearly financial statements, consistent accounting policies have been used as those applicable to the previous year audited financial statements

<u>Name and Title</u>	<u>Signature</u>	<u>Date</u>
Ronald Manongi (Chief Executive Officer)	..... (signed)	26 March 2018
Selemani Kijori (Head of Finance)	..... (signed)	26 March 2018
Hemed Maulu (Chief Internal Auditor)	..... (signed)	26 March 2018

The above extracts are from the audited financial statements of the Bank for the year ended 31 December 2017 which have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements were audited by Ernst and Young (E&Y) and received a clean report. These financial statements were approved by the Board of Directors on 26 March 2018 and signed on its behalf by:

<u>Name</u>	<u>Signature</u>	<u>Date</u>
1/ Herman Kessy	..... (signed)	26 March 2018
2/ Ambrose Nshala	..... (signed)	26 March 2018