

**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 2018

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31  
DECEMBER 2018

(Amounts in million shillings)

Current Year  
31-Dec-2018

Previous Year  
31-Dec-2017

	Current Year 31-Dec-2018	Previous Year 31-Dec-2017
<b>A. ASSETS:</b>		
1. Cash	213	148
2. Balances with Bank of Tanzania	1,691	871
3. Investments in government securities	1,125	1,775
4. Balances with other banks and financial institutions	52	21
5. Cheques and Items for clearing	-	-
6. Inter branch float items	-	-
7. Bills negotiated	-	-
8. Customers' liabilities for acceptances	-	-
9. Interbank loans receivables	2,294	14,837
10. Investment in other securities	-	-
11. Loans, advances and overdrafts (Net of allowance for probable losses)	17,886	11,195
12. Other assets	5,560	6,585
13. Equity investments	-	-
14. Underwriting accounts	-	-
15. Property, plant and equipment (net)	1,874	2,366
<b>16. TOTAL ASSETS</b>	<b>30,695</b>	<b>37,798</b>
<b>B. LIABILITIES:</b>		
17. Deposits from other banks and financial institutions	-	4,478
18. Customer deposits	7,949	5,478
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	729	544
24. Acceptances outstanding	-	-
25. Interbranch float items	-	-
26. Unearned income and other deferred charges	-	-
27. Other liabilities	723	188
28. Borrowings	-	-
<b>29. TOTAL LIABILITIES</b>	<b>9,401</b>	<b>10,688</b>
<b>30. NET ASSETS/(LIABILITIES) (16 minus 29)</b>	<b>21,294</b>	<b>27,110</b>
<b>C. SHAREHOLDERS' FUNDS:</b>		
31. Paid up share capital	30,912	30,912
32. Capital reserves	179	114
33. Retained Earnings	(4,473)	151
34. Profit (Loss) account	(5,503)	(4,271)
35. Others capital accounts (Bond revaluation reserve)	179	204
36. Minority interest	-	-
<b>37. TOTAL SHAREHOLDERS' FUNDS</b>	<b>21,294</b>	<b>27,110</b>
<b>38. CONTINGENT LIABILITIES</b>		
39. Non-performing loans & advances	124	12
40. Allowances for probable losses	374	12
41. Other non-performing assets	2,300	-
<b>D. SELECTED FINANCIAL CONDITION INDICATORS</b>		
- Gross Loans and Advances to Total Deposits	69%	72%
- Non-Performing Loans to Total Gross Loans	2.0%	0.1%
- Gross Loans and Advances to Total Deposits	225%	112%
- Loans and Advances to Total Assets	59%	30%
- Earning Assets to Total Assets	70%	74%
- Deposits Growth	45%	281%
- Assets Growth	(19%)	12%

**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2018**  
(Amounts in million shillings)

Current Year  
Cumulative  
31-Dec-2018

Previous Year Cumulative  
31-Dec-2017

1. Interest income	3,253	3,583
2. Interest expense	572	417
<b>3. Net interest income (1 minus 2)</b>	<b>2,681</b>	<b>3,166</b>
4. Bad debts written-off	-	-
5. Impairment losses on loans and advances	87	12
6. Non- interest income:	218	265
6.1 Foreign currency dealings and translation gains/(loss)	4	(8)
6.2 Fees and commissions	213	271
6.3 Dividend income	-	-
6.4 Other operating income	1	2
7. Non-interest expenses	8,302	7,690
7.1 Salaries and benefits	3,523	3,133
7.2 Fees and commission	-	-
7.3 Other operating expenses	4,779	4,557
<b>8. Operating income/(loss)</b>	<b>(5,490)</b>	<b>(4,271)</b>
9. Income tax provision	14	-
<b>10. Net income/(loss) after income tax</b>	<b>(5,503)</b>	<b>(4,271)</b>
11. Other Comprehensive Income	(25)	204
<b>12. Total comprehensive Income/(loss) for the year</b>	<b>(5,529)</b>	<b>(4067)</b>
13. Number of employees	62	54
14. Basic Earnings Per Share	(89)	(66)
15. Number of branches	2	1
<b>SELECTED PERFORMANCE INDICATORS</b>		
(i) Return on Average Total Assets	(18%)	(11%)
(ii) Return on Average Shareholders' Funds	(26%)	(15%)
(iii) Non-Interest Expense to Gross Income	295%	225%
(iv) Net Interest Income to Average Earning Assets	13%	8%

CONDENSED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 31 DECEMBER 2018 (Amounts in million shillings)	Current Year Cumulative 31-Dec-2018	Comparative Year Cumulative 31-Dec-2017
<b>I. Cash flow from operating activities:</b>		
Net (loss)profit before tax	(5,489)	(4,271)
Adjustment for:		
- Impairment/amortisation/depreciation	2,192	1,857
- Net change in loans and advances	5,831	(15,463)
- IFRS 9 day 1 impact	(288)	-
- Net change in deposits	(1,982)	8,520
- Net change in short term negotiable securities	-	-
- Net change in other liabilities	721	(273)
- Net change in other assets	121	117
- Tax paid	-	-
- Others	-	-
<b>Net cash provided (used) by operating activities</b>	<b>1,106</b>	<b>(9,513)</b>
<b>II. Cash flow from investing activities:</b>		
- Dividend received	-	-
- Purchase of fixed assets	(520)	(197)
- Proceeds from sale of fixed assets	-	-
- Purchase of non-dealing securities	625	11,182
- Proceeds from sale of non-dealing securities	-	-
- Others (Purchase of intangible assets)	(270)	(1,018)
<b>Net cash provided (used) by investing activities</b>	<b>(165)</b>	<b>9,967</b>
<b>III. Cash from financing activities:</b>		
- 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	-	-
<b>Net cash provided (used) by financing activities</b>	<b>-</b>	<b>-</b>
<b>IV. Cash and cash equivalents:</b>		
- Net increase/(decrease) in cash and cash equivalents	941	454
- Cash and cash equivalents at the beginning of the year	644	190
- Cash and cash equivalents at the end of the quarter	1,585	644

CONDENSED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2018 (Amounts in million shillings)	Share Capital	Retained Earnings	Regulatory Reserve	Bond Revaluation Reserve	Provision General Reserve	Total
<b>Current Year</b>						
Balance as at the beginning of the year	30,912	(4,120)	114	204	-	27,110
Decrease resulting from adopting IFRS9		(288)			-	(288)
Profit for the year	-	(5,503)	-	-	-	(5,503)
Loss on fair valuation of bonds	-	-	-	(25)	-	(25)
Transactions with owners	-	-	-	-	-	-
Dividends Paid	-	-	-	-	-	-
Transfer from Regulatory Reserve	-	114	(114)	-	-	-
Transfer to Provision General Reserve	-	(179)	-	-	179	-
Others	-	-	-	-	-	-
<b>Balance as at the end of the current period</b>	<b>30,912</b>	<b>(9,976)</b>	<b>-</b>	<b>179</b>	<b>179</b>	<b>21,294</b>
<b>Previous Year</b>						
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	-	-	-
Others (bond revaluation reserve)	-	-	-	204	-	204
<b>Balance as at the end of the previous period</b>	<b>30,912</b>	<b>(4,120)</b>	<b>114</b>	<b>204</b>	<b>-</b>	<b>27,110</b>

**SELECTED EXPLANATORY NOTES  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

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)	12 April 2019
Selemani Kijori (Head of Finance)	..... (signed)	12 April 2019
Hemed Maulu (Chief Internal Auditor)	..... (signed)	12 April 2019

The above extracts are from the audited financial statements of the Bank for the year ended 31 December 2018 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 12 April 2019 and signed on its behalf by:

<u>Name</u>	<u>Signature</u>	<u>Date</u>
1/ Herman Kessy	..... (signed)	12 April 2019
2/ Ambrose Nshala	..... (signed)	12 April 2019