

MWALIMU COMMERCIAL BANK PLC
PUBLICATION OF FINANCIAL STATEMENTS

Issued pursuant to regulation 7 of the Banking and Financial Institutions (Disclosures) Regulations, 2014

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017
(Amounts in million shillings)

	Current Quarter 31-Dec-2017	Previous Quarter 30-Sep-2017
A. ASSETS:		
1. Cash	148	286
2. Balances with Bank of Tanzania	871	827
3. Investments in government securities	1,861	4,923
4. Balances with other banks and financial institutions	146	35
5. Cheques and Items for clearing	-	-
6. Inter branch float items	-	-
7. Bills negotiated	-	-
8. Customers' liabilities for acceptances	-	-
9. Interbank loans receivables	14,678	9,450
10. Investment in other securities	-	-
11. Loans, advances and overdrafts (Net of allowance for probable losses)	11,439	10,156
12. Other assets	6,543	7,294
13. Equity investments	-	-
14. Underwriting accounts	-	-
15. Property, plant and equipment (net)	2,255	2,496
16. TOTAL ASSETS	37,941	35,467
B. LIABILITIES:		
17. Deposits from other banks and financial institutions	-	-
18. Customer deposits	5,429	5,760
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	571	1,275
24. Acceptances outstanding	-	-
25. Interbranch float items	(25)	(5)
26. Unearned income and other deferred charges	514	525
27. Other liabilities	61	65
28. Borrowings	4,477	-
29. TOTAL LIABILITIES	11,027	7,620
30. NET ASSETS/(LIABILITIES) (16 minus 29)	26,914	27,847
C. SHAREHOLDERS' FUNDS:		
31. Paid up share capital	30,912	30,912
32. Capital reserves	108	74
33. Retained Earnings	161	195
34. Profit (Loss) account	(4,267)	(3,334)
35. Others capital accounts	-	-
36. Minority interest	-	-
37. TOTAL SHAREHOLDERS' FUNDS	26,914	27,847
38. CONTINGENT LIABILITIES		
39. Non-performing loans & advances	12	39
40. Allowances for probable losses	12	39
41. Other non-performing assets	-	-
D. SELECTED FINANCIAL CONDITION INDICATORS		
- Shareholders' Funds to Total Assets	71%	79%
- Non-Performing Loans to Total Gross Loans	0%	0%
- Gross Loans and Advances to Total Deposits	116%	177%
- Loans and Advances to Total Assets	30%	29%
- Earning Assets to Total Assets	74%	69%
- Deposits Growth	(6%)	5%
- Assets Growth	7%	(2%)

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2017 (Amounts in million shillings)	Current Quarter 31-Dec-2017	Comparative Quarter 31-Dec-2016	Current Year Cumulative 31-Dec-2017	Comparative Year Cumulative 31-Dec-2016
1. Interest income	848	591	3,587	3,819
2. Interest expense	94	15	406	15
3. Net interest income (1 minus 2)	754	576	3,181	3,804
4. Bad debts written-off	-	-	-	-
5. Impairment losses on loans and advances	(27)	-	12	-
6. Non- interest income:	44	29	263	30
6.1 Foreign currency dealings and translation gains/(loss)	-	(1)	(8)	(1)
6.2 Fees and commissions	44	30	269	31
6.3 Dividend income	-	-	-	-
6.4 Other operating income	-	-	2	-
7. Non-interest expenses	1,758	1,881	7,699	4,563
7.1 Salaries and benefits	792	618	3,133	1,785
7.2 Fees and commission	-	22	-	78
7.3 Other operating expenses	966	1,241	4,566	2,700
8. Operating income/(loss)	(933)	(1,276)	(4,267)	(729)
9. Income tax provision	-	-	-	-
10. Net income/(loss) after income tax	(933)	(1,276)	(4,267)	(729)
11. Other Comprehensive Income	-	-	-	-
12. Total comprehensive Income/(loss) for the year	-	-	-	-
13. Number of employees	54	49	54	49
14. Basic Earnings Per Share	(15)	(21)	(69)	(12)
15. Number of branches	1	1	1	1
SELECTED PERFORMANCE INDICATORS	0	0	0	0
(i) Return on Average Total Assets	(3)	(4%)	(12)	(2%)
(ii) Return on Average Shareholders' Funds	(3)	(4%)	(12)	(2%)
(iii) Non-Interest Expense to Gross Income	220%	311%	224%	119%
(iv) Net Interest Income to Average Earning Assets	3%	2%	11%	16%

CONDENSED STATEMENT OF CASH FLOW FOR THE QUARTER ENDED 31 DECEMBER 2017 (Amounts in million shillings)	Current Quarter 31-Dec-2017	Previous Quarter 30-Sep-2017	Current Year Cumulative 31-Dec-2017	Comparative Year Cumulative 31-Dec-2016
I. Cash flow from operating activities:				
Net (loss)profit before tax	(933)	(795)	(4,267)	(729)
Adjustment for:				
- Impairment/amortisation/depreciation	743	421	1,400	675
- Net change in loans and advances	(6,511)	9,939	(15,230)	13,516
- Gain/loss on sale of assets	-	-	-	-
- Net change in deposits	(331)	256	3,993	1,436
- Net change in short term negotiable securities	3,062	-	10,879	(6,919)
- Net change in other liabilities	(739)	(86)	117	630
- Net change in other assets	337	220	(597)	(201)
- Tax paid	-	-	-	(141)
- Others	-	-	-	(1,556)
Net cash provided (used) by operating activities	(4,372)	9,955	(3,705)	6,712
II. Cash flow from investing activities:				
- Dividend received	-	-	-	-
- Purchase of fixed assets	(18)	(125)	(197)	(7,384)
- Proceeds from sale of fixed assets	-	-	-	-
- Purchase of non-dealing securities	-	-	-	-
- Proceeds from sale of non-dealing securities	-	-	-	-
- Others	-	-	-	-
Net cash provided (used) by investing activities	(18)	(125)	(197)	(7,384)
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	4,477	-	4,477	-
- Others	-	-	-	-
Net cash provided (used) by financing activities	4,477	-	4,477	-
IV. Cash and cash equivalents:				
- Net increase/(decrease) in cash and cash equivalents	87	9,830	10,206	(672)
- Cash and cash equivalents at the beginning of the year	10,132	302	190	862
- Cash and cash equivalents at the end of the quarter	10,219	10,132	10,396	190

CONDENSED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2017 (Amounts in million shillings)					
	Share Capital	Retained Earnings	Regulatory Reserve	General Provision Reserve	Total
Current Year					
Balance as at the beginning of the year	30,912	259	6	-	31,177
Profit for the year	-	(4,267)	-	-	(4,267)
Other Comprehensive Income	-	-	-	-	-
Transactions with owners	-	-	-	-	-
Dividends Paid	-	-	-	-	-
Regulatory Reserve	-	(102)	102	-	-
General Provision Reserve	-	-	-	-	-
Others	-	4	-	-	4
Balance as at the end of the current period	30,912	(4,106)	108	-	26,914
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

Additional Information

Bank Profile	
BOT Licence	Obtained banking licence from Bank of Tanzania on 13 July 2016
Start of Business	The bank officially started banking services on 22 July 2016
Expenses	
Interest Expenses	The bank grew customer deposits from TZS 1.4 billion in 2016 to TZS 5.4 billion in 2017 which goes in line with increase in interest expenses.
Staff Costs	Lower cost incurred in 2016 is a result of recruitments done in second half of the year unlike the case for year 2017
Other Operating Expenses	The cost in 2016 is smaller than 2017 in that the core banking system and other softwares were implemented in July 2016.
Number of loans	
Individual Loans	The bank started issuing individual loans in March 2017 and by 31 December 2017 the outstanding number of loans extended were 1,056 which represents 90% of total customer loans.



**SELECTED EXPLANATORY NOTES
FOR THE QUARTER ENDED 30 SEPTEMBER 2017**

In preparation of the quarterly 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)	29 January 2018
Selemani Kijori (Head of Finance)	..... (signed)	29 January 2018
Hemed Maulu (Chief Internal Auditor)	..... (signed)	29 January 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.

<u>Name</u>	<u>Signature</u>	<u>Date</u>
1/ Herman Kessy	..... (signed)	29 January 2018
2/ Saidi Kambi	..... (signed)	29 January 2018