

## REPORT OF THE CONDITION OF THE FINANCIAL INSTITUTION PUBLISHED PURSUANT TO SECTION 32(3) OF THE BANKING AND FINANCIAL INSTITUTIONS ACT, 2006

### STATEMENT OF FINANCIAL POSITION AS AT 30<sup>TH</sup> SEPTEMBER 2018 (Amounts in millions Shillings)

	BANK CURRENT QUARTER 30/09/2018	GROUP CURRENT QUARTER 30/09/2018	BANK PREVIOUS QUARTER 30/06/2018	GROUP PREVIOUS QUARTER 30/06/2018
<b>A. ASSETS</b>				
1 Cash	-	3,676	-	4,248
2 Balances with Bank of Tanzania	108	104,131	108	36,976
3 Investments in Government Securities	32,851	56,342	33,261	53,957
4 Balances with Other Banks and financial Institutions	12,127	20,595	13,600	15,480
5 Cheques and Items for Clearing	-	12	-	29
6 Interbranch float items	-	-	-	-
7 Bills Negotiated	-	-	-	-
8 Customer Liability on Acceptances	-	-	-	-
9 Interbank Loans receivables	-	4,242	-	0
10 Investments in other Securities	-	1,743	-	2,002
11 Loans, Advances and Overdrafts (Net of Allowances for Probable Losses)	560,386	734,018	554,800	713,250
12 Other Assets	37,025	45,682	37,057	44,939
13 Equity Investments	38,645	16,394	38,801	16,550
14 Underwriting accounts	-	-	-	-
15 Property Plant and Equipment	1,065	4,818	1,221	5,359
16 Total Assets	<b>682,207</b>	<b>991,654</b>	<b>678,847</b>	<b>892,790</b>
<b>B. LIABILITIES</b>				
17 Deposits from Other Banks and Financial Institutions	158,646	101,837	143,800	96,577
18 Customer Deposits	208,240	489,310	208,836	430,444
19 Cash Letters of Credit	-	64,174	-	16,582
20 Special deposits	-	-	-	-
21 Payment Order/Transfers Payable	-	26	-	198
22 Bankers' Cheques and Drafts Issued	-	21	-	-
23 Accrued Taxes and Expenses Payable	5,661	7,422	12,883	14,372
24 Acceptances Outstanding	-	-	-	-
25 Inter Branch Float items	-	-	-	-
26 Unearned income and other deferred charges	935	1,716	994	1,849
27 Other Liabilities	3,825	4,310	8,354	11,011
28 Borrowings	65,001	65,001	67,974	67,974
29 Total Liabilities	<b>442,307</b>	<b>733,818</b>	<b>442,842</b>	<b>639,007</b>
30 Net Assets /Liabilities	<b>239,900</b>	<b>257,836</b>	<b>236,006</b>	<b>253,783</b>
<b>C. SHAREHOLDERS' FUNDS AND RESERVES</b>				
31 Paid Up Share Capital	202,138	202,138	202,138	202,138
32 Capital Reserves	-	-	-	-
33 Retained Earnings	(84,045)	(86,363)	(84,045)	(86,384)
34 Profit (Loss) Account	11,680	10,751	9,187	8,121
35 Other capital accounts	110,127	131,310	108,726	129,908
36 Minority interest	-	-	-	-
37 Total Shareholders' Funds And Reserves	<b>239,900</b>	<b>257,836</b>	<b>236,006</b>	<b>253,783</b>
38 Contingent Liabilities	45,644	209,722	32,041	148,982
39 Non Performing Loans and Advances	214,011	222,675	210,038	216,998
40 Allowances for Probable Losses	88,334	92,252	82,587	86,199
41 Other Non Performing Assets	21,323	21,354	21,486	21,511
<b>D. SELECTED FINANCIAL CONDITION INDICATORS</b>				
i Shareholders Funds to Total Assets	35%	26%	35%	28%
ii Non Performing Loans to Total Gross Loans	33%	27%	33%	27%
iii Gross Loans and Advances to Total Deposits	82%	74%	82%	80%
iv Loans and Advances to Total Assets	93%	81%	92%	88%
v Earning Assets to Total Assets	4%	12%	-6%	-5%
vi Deposit Growth	0%	11.1%	-2%	1%
vii Asset Growth	0%	11%	-2%	1%

### STATEMENT OF CHANGES IN EQUITY AS AT 30<sup>TH</sup> SEPTEMBER 2018 (Amounts in millions Shillings)

GROUP	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	REGULATORY RESERVE	GENERAL PROVISION RESERVE	OTHERS	TOTAL
<b>CURRENT YEAR</b>							
Balance at the beginning of the year (Jan 2018)	202,138	-	(69,546)	84,537	2,218	16,017	235,363
Profit for the year	-	-	10,751	-	-	-	10,751
Other Comprehensive Income	-	-	-	-	-	-	-
Transactions with owners	-	-	-	-	-	-	-
Dividends Paid	-	-	-	-	-	-	-
Regulatory Reserve	-	-	(16,337)	16,337	-	-	0
General Provision Reserve	-	-	-	-	(377)	377	-
Others	-	-	(480)	-	-	12,202	11,722
Balance at the end of the current period (30th Sept 2018)	<b>202,138</b>	<b>-</b>	<b>(75,612)</b>	<b>100,874</b>	<b>1,841</b>	<b>28,596</b>	<b>257,836</b>
<b>PREVIOUS YEAR</b>							
Balance at the beginning of the year 2017	152,138	-	(60,893)	93,542	2,218	18,977	205,982
Profit for the year	-	-	(7,289)	-	-	-	(7,289)
Other Comprehensive Income	-	-	-	-	-	-	-
Transactions with owners	-	-	-	-	-	-	-
Dividends Paid	-	-	-	-	-	-	-
Regulatory Reserve	-	-	(25,341)	25,341	-	-	-
General Provision Reserve	-	-	-	-	-	-	-
Others	-	-	(1,747)	-	-	811	(936)
Balance at the end of the current period (30th Sept 2017)	<b>152,138</b>	<b>-</b>	<b>(95,270)</b>	<b>118,883</b>	<b>2,218</b>	<b>19,788</b>	<b>197,757</b>
<b>BANK</b>							
<b>CURRENT YEAR</b>							
Balance at the beginning of the year Jan 2018	202,138	-	(99,512)	113,524	2,490	12,187	230,827
Profit for the year	-	-	11,680	-	-	-	11,680
Other Comprehensive Income	-	-	-	-	-	-	-
Transactions with owners	-	-	-	-	-	-	-
Dividends Paid	-	-	-	-	-	-	-
Regulatory Reserve	-	-	15,595	(15,595)	-	-	-
General Provision Reserve	-	-	-	-	(1,441)	1,441	-
Others	-	-	(759)	-	-	(1,847)	(2,607)
Balance at the end of the current period (30th Sept 2018)	<b>202,138</b>	<b>-</b>	<b>(72,997)</b>	<b>97,929</b>	<b>1,049</b>	<b>11,781</b>	<b>239,900</b>
<b>PREVIOUS YEAR</b>							
Balance at the beginning of the year 2017	152,138	-	(65,836)	91,031	1,232	18,988	197,553
Profit for the year	-	-	(4,061)	-	-	-	(4,061)
Other Comprehensive Income	-	-	-	-	-	-	-
Transactions with owners	-	-	-	-	-	-	-
Dividends Paid	-	-	-	-	-	-	-
Regulatory Reserve	-	-	(24,083)	24,083	-	-	-
General Provision Reserve	-	-	(1,258)	-	1,258	-	-
Others	-	-	-	-	-	-	-
Balance at the end of the current period (30th Sept 2017)	<b>152,138</b>	<b>-</b>	<b>(95,238)</b>	<b>115,114</b>	<b>2,490</b>	<b>18,988</b>	<b>193,492</b>

### CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30<sup>TH</sup> SEPTEMBER 2018 (Amounts in millions Shillings)

	BANK CURRENT QUARTER 30/09/2018	GROUP CURRENT QUARTER 30/09/2018	BANK COMPARATIVE QUARTER 30/09/2017	GROUP COMPARATIVE QUARTER 30/09/2017	BANK CURRENT YEAR CUMULATIVE 30/09/2018	GROUP CURRENT YEAR CUMULATIVE 30/09/2018	BANK COMPARATIVE YEAR CUMULATIVE 30/09/2017	GROUP COMPARATIVE YEAR CUMULATIVE 30/09/2017
<b>E</b>								
1. Interest Income	23,860	31,574	24,188	30,336	69,722	90,832	74,535	92,194
2. Interest Expense	(10,128)	(12,637)	(11,533)	(15,132)	(28,250)	(37,142)	(37,514)	(46,198)
3. Net Interest Income	13,732	18,937	12,655	15,204	41,472	53,690	37,021	45,996
4. Bad Debts Written Off	(17)	(17)	9	9	(171)	(171)	(185)	(185)
5. Impairment losses on loans and Advances	(5,407)	(5,541)	(11,504)	(11,521)	(12,792)	(14,022)	(25,861)	(26,031)
6. Non Interest Income	<b>584</b>	<b>1,655</b>	<b>1,318</b>	<b>2,464</b>	<b>3,548</b>	<b>8,008</b>	<b>3,035</b>	<b>7,166</b>
6.1 Foreign currency Dealings and Translation Gain/(Loss)	(12)	390	25	200	62	1,230	313	1,261
6.2 Fees and Commissions	35	919	662	1,492	978	4,154	1,476	4,426
6.3 Dividend Income	-	-	-	45	-	-	-	-
6.4 Other operating income	561	346	631	727	2,508	2,624	1,246	1,479
7. Non Interest Expense	<b>(5,330)</b>	<b>(10,956)</b>	<b>(6,453)</b>	<b>(12,392)</b>	<b>(15,371)</b>	<b>(32,145)</b>	<b>(19,811)</b>	<b>(37,359)</b>
7.1 Salary and benefits	(3,312)	(6,391)	(3,424)	(6,619)	(9,827)	(18,964)	(11,051)	(20,659)
7.2 Fees and Commissions	-	(118)	-	(88)	-	(414)	-	(308)
7.3 Other operating expenses	(2,018)	(4,448)	(3,029)	(5,685)	(5,545)	(12,767)	(8,760)	(16,392)
8. Operating Income/(Loss) beforeTax	<b>3,562</b>	<b>4,079</b>	<b>(3,975)</b>	<b>(6,236)</b>	<b>16,685</b>	<b>15,359</b>	<b>(5,801)</b>	<b>(10,413)</b>
9. Income Tax Provision	(1,069)	(1,430)	1,192	1,871	(5,006)	(4,608)	1,740	3,124
10. Net Income/(Loss) after Income Tax	<b>2,493</b>	<b>2,649</b>	<b>(2,783)</b>	<b>(4,365)</b>	<b>11,680</b>	<b>10,751</b>	<b>(4,061)</b>	<b>(7,289)</b>
11. Other Comprehensive Income (itemize)	-	-	-	-	-	-	-	-
12. Total comprehensive income/(loss) for the year	<b>2,493</b>	<b>2,649</b>	<b>(2,783)</b>	<b>(4,365)</b>	<b>11,680</b>	<b>10,751</b>	<b>(4,061)</b>	<b>(7,289)</b>
13. Number of employees	168	292	141	262	168	292	141	262
14. Basic Earnings per share	<b>12</b>	<b>(251)</b>	<b>(18)</b>	<b>(29)</b>	<b>58</b>	<b>47</b>	<b>(27)</b>	<b>(48)</b>
15. Number of branches	-	5	-	5	-	5	-	5
<b>E. SELECTED PERFORMANCE INDICATORS</b>								
(i) Return on Average Total Assets	1%	0%	-0.6%	-0.7%	2%	2%	-0.8%	-1.1%
(ii) Return on Average Shareholders Fund	1%	2%	-2.1%	-3.2%	7%	6%	-3.0%	-5.3%
(iii) Non Interest Expense to Gross Income	22%	33%	25.3%	37.8%	21%	33%	25.5%	37.6%
(iv) Net Interest Income to Average Earning Assets	2%	2%	2.0%	2.0%	6%	6%	6.0%	6.2%
(iv) Net Interest Income to Average Earning Assets	2%	2%	2%	2%	6%	6%	4%	4%

### STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 30<sup>TH</sup> SEPTEMBER 2018 (Amounts in millions Shillings)

	Bank For the Quarter Ended 30/09/2018	Group For the Quarter Ended 30/09/2018	Bank For the Quarter Ended 30/06/2018	Group For the Quarter Ended 30/06/2018	Bank Current Year Cumulative 30/09/2018	Group Current Year Cumulative 30/09/2018	Bank Comparative year Cumulative 30/09/2017	Group Comparative year Cumulative 30/09/2017
<b>I:Cashflow from operating activities</b>								
Net Income(Loss)	3,562	4,079	5,075	5,950	16,685	15,359	(5,801)	(10,413)
Adjustments for:	-	-	-	-	-	-	-	-
Impairment/Amortisation	(5,424)	(4,861)	(4,864)	(4,761)	(12,963)	(10,485)	26,046	26,250
Net change in Loans and Advances	(5,586)	(20,902)	(7,487)	(15,519)	(22,567)	(62,187)	101,499	75,753
(Gain)/Loss on sale of Assets	-	-	(195)	(195)	-	-	-	-
Net change in Deposits	14,249	113,905	(21,724)	(20,807)	(108,754)	139,506	(106,217)	(37,877)
Net change in Short term Negotiable Securities	410	(2,933)	2,812	(766)	(3,523)	(25,380)	8,629	(14,373)
Net change in other liabilities	(3,434)	(681)	3,319	23,275	(2,881)	(1,347)	(1,657)	(833)
Net change in other Assets	32	(1,177)	-	(5,293)	11,479	10,418	(33,111)	(34,708)
Tax paid	-	(3)	-	1,813	-	-	-	(30)
Other - Net change in deferred income	(60)	(60)	-	-	-	-	-	-
- Net change in SMR	-	(5,000)	-	-	-	(4,147)	-	(4,680)
Net cash provided (used) by operating activities	<b>3,748</b>	<b>82,368</b>	<b>(23,065)</b>	<b>(16,301)</b>	<b>(122,525)</b>	<b>61,737</b>	<b>(10,612)</b>	<b>(912)</b>
<b>II:Cash flow used in investing activities</b>								
Dividend Received	-	-	-	-	-	-	83	83
Purchase of Fixed Assets	(110)	(295)	(47)	(146)	(178)	(506)	(23)	(142)
Proceeds from Sale Of Fixed Assets	-	-	-	-	-	-	-	-
Purchase of non-dealing securities	-	-	-	-	-	(28)	-	(15)
Proceeds from sale of non-dealing securities	-	-	-	-	-	838	-	-
Others: Investment in Equity	-	258	6,936	6,785	6,936	6,936	1,274	2,080
Net cash provided (used) by investing activities	<b>(110)</b>	<b>(37)</b>	<b>6,889</b>	<b>6,639</b>	<b>6,758</b>	<b>7,240</b>	<b>1,334</b>	<b>2,006</b>
<b>III:Cash flow from financing activities</b>								
Repayment of Long Term Borrowing	(5,110)	(						