

# "The tough gets going!"

## UNAUDITED FINANCIAL STATEMENTS

Report of the condition of the Bank Pursuant to Section 32 (3) of the Banking and Financial Institutions Act, 2006

### BALANCE SHEET AS AT 30<sup>TH</sup> SEPTEMBER 2016 (AMOUNTS IN MILLION SHILLINGS)

	COMPANY CURRENT QUARTER 30 <sup>TH</sup> SEPT 2016	GROUP CURRENT QUARTER 30 <sup>TH</sup> SEPT 2016	COMPANY PREVIOUS QUARTER 30 <sup>TH</sup> JUNE 2016	GROUP PREVIOUS QUARTER 30 <sup>TH</sup> JUNE 2016
<b>A ASSETS</b>				
1 Cash	13,901	22,351	12,152	18,869
2 Balances with Central Banks	82,252	131,700	71,366	122,307
3 Investment in Government Securities	257,147	281,398	256,236	275,861
4 Balances with Other Banks and financial institutions	21,740	76,011	28,096	91,329
5 Cheques and Items for Clearing	3,650	5,307	4,217	5,674
6 Interbranch float items	1	1	1	1
7 Bills Negotiated	-	-	-	-
8 Customers' liabilities for acceptances	-	-	-	-
9 Interbank Loan Receivables	34,317	48,707	49,539	43,247
10 Investments in Other securities	2,379	2,379	2,379	2,379
11 Loans, Advances and Overdrafts (Net of allowances for Probable losses)	654,503	821,244	625,600	795,103
12 Other Assets	70,350	81,064	52,802	76,065
13 Equity Investments	35,575	1,383	35,575	1,384
14 Underwriting accounts	-	-	-	-
15 Property, Plant and Equipment	21,761	28,858	20,423	28,121
<b>16 TOTAL ASSETS</b>	<b>1,197,575</b>	<b>1,500,402</b>	<b>1,158,387</b>	<b>1,460,341</b>
<b>B LIABILITIES</b>				
17 Deposits from other banks and financial institutions	203,239	108,588	206,736	115,909
18 Customer Deposits	674,294	1,040,190	640,026	991,096
19 Cash letters of credit	3,899	3,899	5,502	5,502
20 Special Deposits	-	-	-	-
21 Payments orders / transfers payable	373	373	375	375
22 Bankers' cheques and drafts issued	1,591	2,024	1,445	1,755
23 Accrued taxes and expenses payable	5,713	6,177	2,943	3,315
24 Acceptances outstanding	-	-	-	-
25 Interbranch float items	296	296	213	213
26 Unearned income and other deferred charges	2,480	2,744	2,261	2,261
27 Other Liabilities	21,796	31,421	14,296	34,574
28 Borrowings	88,589	89,837	88,188	89,386
<b>29 TOTAL LIABILITIES</b>	<b>1,002,269</b>	<b>1,285,550</b>	<b>961,985</b>	<b>1,244,386</b>
<b>30 NET ASSETS/(LIABILITIES)(16 MINUS 29)</b>	<b>195,306</b>	<b>214,852</b>	<b>196,402</b>	<b>215,955</b>
<b>C SHAREHOLDERS' FUNDS</b>				
31 Paid up Share Capital	12,900	12,900	12,900	12,900
32 Capital Reserves	23,113	27,906	20,647	25,427
33 Retained Earnings	96,735	96,387	105,000	104,262
34 Profit (Loss) Account	62,558	64,689	57,854	59,534
35 Other Capital Accounts/Capital Advance	-	-	-	-
36 Minority Interest	-	12,971	-	13,832
<b>37 TOTAL SHAREHOLDERS' FUNDS</b>	<b>195,306</b>	<b>214,852</b>	<b>196,402</b>	<b>215,955</b>
38 Contingent Liabilities	119,017	119,138	133,011	133,026
39 Gross non-performing Loans and Advances	77,284	96,784	61,423	73,489
40 Allowances for Probable Losses	6,107	11,934	5,841	9,900
41 Other Non-Performing assets	1,659	1,659	3,785	3,785
<b>D PERFORMANCE INDICATORS</b>				
Shareholders Funds to Total Assets	16.31%	13.46%	16.95%	13.84%
Gross non-performing loans to Total Gross Loans	11.51%	11.43%	9.60%	9.02%
Gross Loans and Advances to Total Deposits	76.49%	73.74%	75.57%	73.63%
Loans and Advances to Total Assets	54.65%	54.73%	54.01%	54.45%
Earning Assets to Total Assets	83.97%	82.05%	86.10%	82.81%
Deposits Growth	3.63%	3.77%	2.84%	-0.40%
Assets Growth	3.38%	2.74%	1.54%	1.13%

### INCOME STATEMENT FOR THE QUARTER ENDED 30<sup>TH</sup> SEPTEMBER 2016 (AMOUNTS IN MILLION SHILLINGS)

	COMPANY CURRENT QUARTER 30 <sup>TH</sup> SEPT 2016	GROUP CURRENT QUARTER 30 <sup>TH</sup> SEPT 2016	COMPANY PREVIOUS QUARTER 30 <sup>TH</sup> SEPT 2015	GROUP PREVIOUS QUARTER 30 <sup>TH</sup> SEPT 2015	COMPANY CURRENT QUARTER 30 <sup>TH</sup> SEPT 2016	GROUP CURRENT QUARTER 30 <sup>TH</sup> SEPT 2016	COMPANY PREVIOUS QUARTER 30 <sup>TH</sup> SEPT 2015	GROUP PREVIOUS QUARTER 30 <sup>TH</sup> SEPT 2015
1. Interest Income	26,842	33,430	24,978	27,348	77,031	96,715	73,091	78,517
2. Interest Expense	(9,819)	(11,136)	(8,487)	(8,782)	(26,497)	(31,236)	(24,422)	(24,829)
<b>3. Net Interest Income (1 Minus 2)</b>	<b>17,022</b>	<b>22,294</b>	<b>16,491</b>	<b>18,566</b>	<b>50,534</b>	<b>65,478</b>	<b>48,669</b>	<b>53,688</b>
4. Bad debts written off	(5)	(5)	(6)	(4)	(5)	(5)	(3,727)	(3,764)
5. Impairment Losses on Loans and Advances/Recovery	287	(1,623)	(825)	(1,107)	460	(1,971)	(2,025)	(2,547)
<b>6. Non-Interest Income</b>	<b>8,589</b>	<b>11,320</b>	<b>10,867</b>	<b>12,766</b>	<b>73,171</b>	<b>80,627</b>	<b>33,006</b>	<b>37,497</b>
6.1 Foreign exchange profit/(loss)	1,459	2,192	3,337	3,837	4,701	6,917	8,387	9,615
6.2 Fees and Commissions	7,042	8,806	6,545	7,926	20,384	25,482	18,447	22,475
6.3 Dividend Income	-	-	-	-	1,249	458	3,221	2,273
6.4 Other Operating Income	88	322	985	1,004	46,836	47,770	2,951	3,134
<b>7. Non-Interest Expense</b>	<b>(19,174)</b>	<b>(25,632)</b>	<b>(18,392)</b>	<b>(21,532)</b>	<b>(54,887)</b>	<b>(73,629)</b>	<b>(49,901)</b>	<b>(58,270)</b>
7.1 Salaries and Benefits	(8,251)	(11,211)	(6,898)	(8,207)	(23,695)	(32,244)	(19,957)	(23,803)
7.2 Fees and Commission	-	(349)	-	(508)	-	(1,076)	-	(972)
7.3 Other Operating Expenses	(10,923)	(14,071)	(11,494)	(12,817)	(31,192)	(40,310)	(29,944)	(33,495)
<b>8. Operating Income/(Loss) before tax</b>	<b>6,720</b>	<b>6,355</b>	<b>8,135</b>	<b>8,650</b>	<b>69,274</b>	<b>70,501</b>	<b>26,022</b>	<b>26,605</b>
9. Income Tax Provision	(2,016)	(2,044)	(2,440)	(2,462)	(6,716)	(6,799)	(7,126)	(7,175)
<b>10. Net income (loss) after income tax</b>	<b>4,704</b>	<b>4,311</b>	<b>5,694</b>	<b>6,188</b>	<b>62,558</b>	<b>63,702</b>	<b>18,896</b>	<b>19,430</b>
11. Number of Employees	704	930	710	826	704	930	710	823
12. Basic Earning Per Share	365	334	441	480	4,849	4,938	1,465	1,506
13. Diluted Earning Per Share	365	334	441	480	4,849	4,938	1,465	1,506
14. Number of Branches	30	42	27	34	30	42	27	34
<b>PERFORMANCE INDICATORS</b>								
(i) Return on average total assets	1.61%	1.09%	2.03%	1.96%	5.12%	4.50%	2.47%	2.23%
(ii) Return on Average shareholders' funds	9.71%	8.03%	12.20%	12.26%	36.35%	31.00%	13.57%	12.90%
(iii) Non interest expense to gross income	74.87%	76.25%	67.23%	68.72%	44.37%	50.39%	61.10%	63.90%
(iv) Net Interest margin to average earning assets	7.02%	7.06%	7.02%	7.13%	7.12%	7.05%	6.90%	6.87%

### CASH FLOW FOR THE QUARTER ENDED 30<sup>TH</sup> SEPTEMBER 2016 (AMOUNTS IN MILLION SHILLINGS)

	COMPANY CURRENT QUARTER 30 <sup>TH</sup> SEPT 2016	GROUP CURRENT QUARTER 30 <sup>TH</sup> SEPT 2016	COMPANY PREVIOUS QUARTER 30 <sup>TH</sup> JUNE 2016	GROUP PREVIOUS QUARTER 30 <sup>TH</sup> JUNE 2016
<b>i Cash flow from operating activities:</b>				
Net income (Loss)	6,720	6,355	9,454	10,776
Adjustment for:				
-Impairment/Amortization	(283)	1,628	1,054	1,663
-Net change in loans and advances	(28,903)	(26,140)	(56,184)	(40,822)
-Gain/Loss on sale of assets	-	-	-	-
-Net Gain/Loss on disposal of AFS	-	-	-	-
-Net change in Deposits	30,771	41,774	23,362	(4,421)
-Net change in Short term negotiable securities	-	-	-	-
-Net change in Other Liabilities	12,078	1,955	4,832	15,554
-Net change in Other Assets	(21,751)	(9,696)	(10,129)	(22,261)
-Tax paid	(2,565)	(2,565)	(2,565)	(2,565)
-Others	-	-	-	-
<b>Net cash provided (used) by operating activities</b>	<b>(3,932)</b>	<b>(13,311)</b>	<b>(30,175)</b>	<b>(42,077)</b>
<b>ii Cash flow from investing activities:</b>				
Dividend Received	-	-	100	100
Purchase of fixed assets	(2,180)	(2,180)	(642)	(642)
Proceeds from sale of fixed assets	-	-	-	-
Purchase of non-dealing securities	37,513	32,888	8,378	4,787
Proceeds from sale of non-dealing securities (NMB divestment)	-	-	-	-
Others	0	(457)	139	10,380
<b>Net cash provided (used) by investing activities</b>	<b>35,333</b>	<b>30,250</b>	<b>7,975</b>	<b>14,624</b>
<b>iii Cash flow from financing activities:</b>				
Repayment of long-term debt	-	-	(7,679)	(7,679)
Proceeds from issuance of long term debt	-	-	-	-
Proceeds from issuance of share capital	-	-	-	-
Payment of cash dividends	(5,800)	(5,800)	-	-
Net change in other borrowings	-	-	-	-
Others -Long term financing	-	-	-	-
<b>Net cash provided (used) by financing activities</b>	<b>(5,800)</b>	<b>(5,800)</b>	<b>(7,679)</b>	<b>(7,679)</b>
<b>iv Cash and cash Equivalent:</b>				
Net increase/decrease in cash and cash equivalents	25,600	37,761	(29,879)	(35,131)
Cash and cash equivalents at the beginning of the quarter	110,232	226,287	140,111	261,418
Cash and cash equivalents at the end of the quarter	135,833	264,048	110,232	226,287

NAME AND TITLE

SIGNATURE

DATE

DINESH ARORA  
CHIEF EXECUTIVE OFFICER

26<sup>TH</sup> OCTOBER 2016

SELEMANI AMAN PONDA  
CHIEF FINANCE OFFICER

26<sup>TH</sup> OCTOBER 2016

GEORGE BINDE  
CHIEF INTERNAL AUDITOR

26<sup>TH</sup> OCTOBER 2016

We, the under-named non executive members of the board of directors, attest to the correctness 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 the instructions and are true and correct.

NAME AND TITLE  
SAID MWEMA  
CHAIRMAN

SIGNATURE

DATE  
26<sup>TH</sup> OCTOBER 2016

YOGESH MANEK  
DIRECTOR

26<sup>TH</sup> OCTOBER 2016



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