

ABSTRACT

This research was conducted at the People's Bank of Zanzibar Ltd. It was intended to assess and analyze the financial performance of this financial institution using the CAMEL Framework (Capital adequacy, Asset quality, Management, Earnings, and Liquidity). Through the financial data collected and calculated from the annual reports of the bank, the financial analysis was done to determine the strength and weaknesses of the firm by properly establishing the relationship between the items of the balance sheet and income statement.

The general objective of this study was to assess the financial performance of PBZ Ltd; for better analysis and measurement, its financial performance have been compared with NBC Ltd using the CAMEL framework. In which different ratios were used to determine the performance of the bank.

Research methodology used was mainly based on the secondary data that is collected from the financial statements presented in the annual reports prepared by PBZ Ltd, documents and PBZ website, as well some observations and few interviews were made to obtain more information, clarifications and validate the data collected from other sources. The research findings show that the PBZ Ltd is well capitalized which enable it to expand its business and to generate more profit, Asset quality is maintained at a satisfactory level, however the Non performing loan tend to increase which is not good. Management of the bank shows a better improvement. Indicator of Earning and Profitability of the bank shows that the PBZ Ltd has reached the satisfactory level which indicates the overall effectiveness of management in generating profits with its available assets. Also PBZ Ltd has acceptable a satisfactory liquidity position.

The study recommends that the bank should sale some its shares so at to increase its capital and increase profit. It should also expand it services in Zanzibar and open new branches in the Tanzania mainland like Mwanza and Arusha . Since liquidity appears to be a strong indicator of financial health, banks should try to roll out more products

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