

# NATIONAL BANK OF COMMERCE LTD

REPORT OF THE CONDITION OF BANK PURSUANT TO SECTION 32(3) OF THE BANKING AND FINANCIAL INSTITUTION ACT 2006.

		AMOUNT IN MILLION SHILLINGS	
<b>BALANCE SHEET</b>		Position as at	Position as at
<b>AS AT 30 SEPTEMBER 2010</b>		<b>30-Sep-10</b>	<b>30-Jun-10</b>
<b>A</b>	<b>ASSETS</b>		
1	Cash	100,663	90,510
2	Balances with Bank of Tanzania	128,052	140,895
3	Investment in Government securities	216,514	153,155
4	Balances with other banks and financial institutions	128,053	97,441
5	Cheques in the course of collection	(4,590)	13,684
6	Interbranch Float Items	808	1,088
7	Bills negotiated	579	238
8	Customer liabilities on acceptances	-	-
9	Interbank Loans Receivables	-	-
10	Investment in other securities	-	-
11	Loans, Advances & Overdrafts (Net of allowances for Probable Losses)	728,916	746,484
12	Other assets	29,208	25,767
13	Equity Investments	-	-
14	Underwriting accounts	-	-
15	Property, Plant and Equipment	84,765	73,415
<b>16</b>	<b>TOTAL ASSETS</b>	<b>1,412,970</b>	<b>1,342,678</b>
<b>B</b>	<b>LIABILITIES</b>		
17	Deposits from Other Banks and Financial Institutions	5,476	4,721
18	Customer deposits	1,112,399	1,076,228
19	Cash Letters of Credit and Guarantees	6,006	5,203
20	Special Deposits	-	-
21	Payment orders/transfers payables	1,738	2,020
22	Bankers' Cheques & Drafts Issued	6,494	4,122
23	Accrued Taxes and expenses payable	51,072	31,927
24	Acceptances Outstanding	-	-
25	Interbranch float items	9,072	12,297
26	Unearned income and other deferred charges	-	-
27	Other Liabilities	47,480	42,978
28	Borrowings	-	-
<b>29</b>	<b>TOTAL LIABILITIES</b>	<b>1,239,737</b>	<b>1,179,497</b>
30	NET ASSETS/(LIABILITIES) (16 minus 29)	173,233	163,181
<b>C</b>	<b>CAPITAL AND RESERVES</b>		
31	Paid-Up Share Capital	12,000	12,000
32	Capital Reserves	-	-
33	Retained Earnings	132,974	138,818
34	Profit/(Loss) accounts	22,342	12,363
35	Others (Statutory Reserve)	5,917	-
36	Minority Interest	-	-
<b>37</b>	<b>TOTAL SHAREHOLDERS' FUNDS</b>	<b>173,233</b>	<b>163,181</b>
<b>38</b>	<b>TOTAL LIABILITIES AND SHAREHOLDERS FUNDS</b>	<b>1,412,970</b>	<b>1,342,678</b>
39	Contingent Liabilities	275,678	168,743
40	Non Performing Loans & Advances	50,751	52,298
41	Allowance For Probable Losses	38,992	39,462
42	Other Non Performing Assets	-	-
<b>D</b>	<b>SELECTED FINANCIAL CONDITION INDICATORS</b>		
(i)	Shareholders Funds to Total Assets	12%	12%
(ii)	Non Performing Loans to Total Gross Loans	7%	7%
(iii)	Gross Loans and Advances to Total Deposits	68%	72%
(iv)	Loans and Advances to Total Assets	54%	58%
(v)	Earnings Assets to Total Assets	76%	74%
(vi)	Deposits Growth	3%	0%
(vii)	Assets Growth	5%	- 3%

**Lawrence Mafuru**  
Managing Director 01 November 2010

**Riaan van Jaarsveld** Director of Finance 22 October 2010  
**Godfrey Sigalla** Head of Internal Audit 27 October 2010

We, the undersigned 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.

**Shoghola Msangi** Director 09 November 2010  
**Dr. Hussein Kassium** Director 09 November 2010

		(AMOUNT IN MILLION SHILLINGS)			
<b>INCOME STATEMENT</b>		Current quarter	Previous quarter	Current year	Previous year
<b>FOR THE QUARTER ENDED 30 SEPTEMBER 2010</b>		ending	ending	Cumulative	Cumulative
		30-Sep-10	30-Jun-10	ending	ending
				30-Sep-10	30-Sep-09
1	Interest Income	31,872	31,455	88,033	77,154
2	Interest Expense	(6,585)	(5,060)	(16,496)	(12,235)
<b>3</b>	<b>Net Interest Income (1 minus 2)</b>	<b>25,287</b>	<b>26,394</b>	<b>71,537</b>	<b>64,919</b>
4	Bad Debts Written Off	-	-	(67)	(67)
5	Impairment Losses on Loans and Advances	(3,419)	(1,360)	(6,744)	(6,088)
<b>6</b>	<b>Non Interest Income:</b>	<b>17,302</b>	<b>12,163</b>	<b>41,295</b>	<b>38,473</b>
6.1.	Foreign Currency Dealings and Translations Gains/(Loss)	8,434	6,414	19,846	18,506
6.2.	Fees and Commissions	8,817	5,729	21,177	19,731
6.3.	Dividend Income	-	-	-	-
6.4.	Other Operating Income	51	20	271	237
<b>7</b>	<b>Non Interest Expense</b>	<b>(26,187)</b>	<b>(24,843)</b>	<b>(73,420)</b>	<b>(54,912)</b>
7.1.	Salaries and Benefits	(8,834)	(8,335)	(25,179)	(20,508)
7.2.	Fees and Commissions	(835)	(694)	(2,242)	(1,859)
7.3.	Other Operating Expenses	(16,518)	(15,814)	(45,999)	(32,546)
<b>8</b>	<b>Losses/(Recoveries) on behalf of the Government of Tanzania</b>	<b>315</b>	<b>(690)</b>	<b>(270)</b>	<b>(84)</b>
<b>9</b>	<b>Operating Income/(Loss) Before Tax</b>	<b>13,298</b>	<b>11,664</b>	<b>32,331</b>	<b>42,242</b>
10	Income Tax Provisions	(3,320)	(4,432)	(9,989)	(13,085)
<b>11</b>	<b>Net Income/(Loss) After Income Tax</b>	<b>9,979</b>	<b>7,232</b>	<b>22,342</b>	<b>29,157</b>
12	Number Of Employees	1,444	1,433	1,444	1,325
13	Basic Earnings Per Share	9,979	7,232	22,342	29,157
14	Diluted Earnings Per Share	9,979	7,232	22,342	29,157
15	Number of Branches	53	53	53	53
<b>PERFORMANCE INDICATORS</b>					
(i)	Return on Average Total Assets	3%	2%	2%	3%
(ii)	Return on Average Shareholders' Funds	23%	18%	18%	27%
(iii)	Non interest Expense to Gross Income	53%	57%	57%	47%
(iv)	Interest Income to Average Earning Assets	9%	10%	9%	9%

		(AMOUNT IN MILLION SHILLINGS)	
<b>CASH FLOW STATEMENT</b>		Current quarter	Previous quarter
<b>FOR THE QUARTER ENDED 30 SEPTEMBER 2010</b>		30-Sep-10	30-Jun-10
<b>i</b>	<b>Cash flow from operating activities:</b>		
	Net Income/(Loss)	13,298	11,664
	Adjustment for :		
	-Depreciation	2,378	1,893
	-Impairment/Amortization	3,419	1,360
	-Net change in Loans and Advances	17,227	(34,504)
	-Gains/Loss on Sale of Assets	-	-
	-Net change in deposits	36,975	1,496
	-Net change in short term negotiable securities	-	-
	-Net change in other liabilities	21,107	(37,207)
	-Net change in other assets	(3,090)	(3,729)
	-Net change in SMR deposits	(5,500)	(1,500)
	-Net change in Treasury Bills	(90,379)	(15,789)
	-Tax Paid	(4,550)	(6,772)
	-Allocation to Government	(315)	690
	<b>Net cash provided (used) by operating activities</b>	<b>(9,431)</b>	<b>(82,397)</b>
<b>ii</b>	<b>Cash flow from investing activities:</b>		
	Dividends received	-	-
	Purchase of fixed assets	(13,728)	(1,852)
	Proceeds on sale of fixed assets	-	-
	Purchase of Non-Dealing Securities	(24,088)	(1,441)
	Proceeds from Sale of Non-Dealing Securities	6,904	7,441
	Others	-	-
	<b>Net cash provided (used) by investing</b>	<b>(30,912)</b>	<b>4,148</b>
<b>iii</b>	<b>Cash flow from financing activities:</b>		
	Repayment of long-term debt	-	-
	Proceeds from issuance of long-term debt	-	-
	Proceeds from Issuance of Shares Capital	-	-
	Payment of Cash Dividends	-	(13,628)
	Net change in other borrowings	-	-
	Others	-	-
	<b>Net cash provided (used) by financing activities</b>	<b>-</b>	<b>(13,628)</b>
<b>iv</b>	<b>Cash and cash equivalents:</b>		
	<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(40,343)</b>	<b>(91,877)</b>
	<b>Cash and cash equivalent at the beginning of the quarter</b>	<b>273,228</b>	<b>365,106</b>
	<b>Cash and cash equivalent at the end of the quarter</b>	<b>232,885</b>	<b>273,228</b>



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