

UN-AUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES AS AT 30TH JUNE 2014

I. STATEMENT OF FINANCIAL POSITION

| | BANK | | | GROUP | | | 30th June 2014 |
|---|-----------------------|-------------------|-----------------------|-----------------------|-------------------|-----------------------|-------------------|
| | 30th June 2013 | 31st Dec 2013 | 31st March 2014 | 30th June 2013 | 30th June 2013 | 31st March 2014 | |
| | Shs '000 (Un-Audited) | Shs '000 Audited | Shs '000 (Un-Audited) | Shs '000 (Un-Audited) | Shs '000 Audited | Shs '000 (Un-Audited) | |
| A. ASSETS | | | | | | | |
| 1 Cash (both local and foreign) | 184,668 | 249,695 | 231,143 | 227,237 | 1,481,270 | 1,052,323 | 1,023,790 |
| 2 Balances with Central Bank of Kenya | 976,368 | 797,929 | 1,644,697 | 872,797 | 976,368 | 797,929 | 1,644,697 |
| 3 Kenya Government and other securities held for dealing purposes | - | - | - | - | - | - | - |
| 4 Financial Assets at fair value through profit and loss | - | - | - | - | - | - | - |
| 5 Investment Securities: | | | | | | | |
| a) Held to Maturity: | | | | | | | |
| i) Kenya Government securities | 4,290,453 | 3,714,812 | 3,449,893 | 4,454,336 | 4,359,981 | 3,714,812 | 3,449,893 |
| ii) Other securities | 42,900 | 43,963 | 42,900 | 45,179 | 2,726,004 | 1,977,577 | 2,386,110 |
| b) Available for sale: | | | | | | | |
| i) Kenya Government securities | 1,467,500 | 2,172,061 | 5,892,500 | 5,753,885 | 1,467,500 | 2,172,061 | 5,892,500 |
| ii) Other securities | 239,289 | 215,036 | 242,449 | 229,611 | 239,289 | 215,036 | 242,449 |
| 6 Deposits and balances due from local banking institutions | 209,400 | 5,373,630 | 201,212 | 2,379,112 | 209,400 | 5,373,630 | 201,212 |
| 7 Deposits and balances due from banking institutions abroad | 210,933 | 311,009 | 158,370 | 934,478 | 1,371,067 | 2,079,922 | 2,241,433 |
| 8 Tax recoverable | - | - | - | - | - | 27,144 | 26,953 |
| 9 Loans and advances to customers (net) | 9,237,930 | 10,303,477 | 9,387,700 | 9,618,733 | 16,179,726 | 18,013,533 | 16,845,422 |
| 10 Balances due from banking institutions in the group | 105,307 | 143,356 | 182,708 | 179,055 | - | - | - |
| 11 Investments in associates | - | - | - | - | - | - | - |
| 12 Investments in subsidiary companies | 1,812,247 | 1,898,747 | 1,898,747 | 1,898,747 | - | - | - |
| 13 Investments in Joint Ventures | - | - | - | - | - | - | - |
| 14 Investment properties | - | - | - | - | - | - | - |
| 15 Property plant and equipment | 184,558 | 178,680 | 218,385 | 244,257 | 673,701 | 706,307 | 751,951 |
| 16 Prepaid lease rentals | - | - | - | - | - | - | - |
| 17 Intangible assets | 11,439 | 10,322 | 9,261 | 8,226 | 23,687 | 43,024 | 41,294 |
| 18 Deferred tax asset | 1,617 | 21,355 | 15,383 | 26,056 | 206,367 | 170,845 | 149,658 |
| 19 Retirement benefit asset | - | - | - | - | - | - | - |
| 20 Other assets | 246,641 | 203,977 | 401,697 | 886,250 | 561,907 | 338,338 | 559,067 |
| 21 TOTAL ASSETS | 19,221,252 | 25,638,050 | 23,977,044 | 27,757,959 | 30,476,268 | 36,682,482 | 35,456,429 |
| B. LIABILITIES | | | | | | | |
| 22 Balances due to Central Bank of Kenya | - | - | - | - | - | - | - |
| 23 Customer deposits | 15,073,976 | 18,446,805 | 17,066,185 | 16,580,122 | 25,406,210 | 28,852,105 | 27,833,445 |
| 24 Deposits and balances due to local banking institutions | 317,099 | 18,300 | 20,500 | 477,295 | 317,099 | 52,497 | 20,500 |
| 25 Deposits and balances due to foreign banking institutions | 17,830 | 521,932 | 66,243 | 3,760,241 | 78,069 | 452,635 | 115,641 |
| 26 Other money market deposits | - | - | - | - | - | - | - |
| 27 Borrowed funds | 195,716 | 195,976 | 200,539 | 195,255 | 250,046 | 264,759 | 270,208 |
| 28 Balances due to banking institutions in the group | 99,150 | 12,075 | 44,742 | 162,346 | - | - | - |
| 29 Tax payable | 32,525 | 27,338 | 76,377 | 55,949 | 60,736 | 27,338 | 76,377 |
| 30 Dividends Payable | - | - | - | - | - | - | - |
| 31 Deferred tax liability | - | - | - | - | 57,356 | 67,203 | 52,940 |
| 32 Retirement benefit liability | - | - | - | - | - | - | - |
| 33 Other liabilities | 142,363 | 324,972 | 283,451 | 199,388 | 508,672 | 506,002 | 494,420 |
| 34 TOTAL LIABILITIES | 15,878,659 | 19,547,398 | 17,758,036 | 21,431,266 | 26,678,168 | 30,222,538 | 28,863,530 |
| C. SHAREHOLDERS' EQUITY | | | | | | | |
| 35 Paid up/Assigned capital | 923,661 | 1,212,171 | 1,212,171 | 1,212,171 | 923,661 | 1,212,171 | 1,212,171 |
| 36 Share premium/(discount) | 1,109,571 | 3,406,226 | 3,406,226 | 3,406,226 | 1,109,571 | 3,406,226 | 3,406,226 |
| 37 Revaluation reserves | 6,312 | (5,479) | 8,455 | (23,496) | 19,633 | 74,465 | 88,399 |
| 38 Retained earnings/Accumulated Losses | 1,255,484 | 1,422,175 | 1,544,357 | 1,686,323 | 1,581,272 | 1,544,398 | 1,707,178 |
| 39 Statutory Loan Loss Reserve | 47,565 | 55,559 | 47,800 | 45,470 | 41,333 | 112,580 | 95,202 |
| 40 Other Reserves | - | - | - | - | 29,324 | 18,150 | (9,756) |
| 41 Proposed dividends | - | - | - | - | - | - | - |
| 42 Non controlling Interest | - | - | - | - | 93,288 | 91,995 | 93,478 |
| 43 Capital grants | - | - | - | - | - | - | - |
| 44 TOTAL SHAREHOLDERS' EQUITY | 3,342,593 | 6,090,652 | 6,219,009 | 6,326,694 | 3,798,081 | 6,459,944 | 6,592,899 |
| 45 TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 19,221,252 | 25,638,050 | 23,977,044 | 27,757,959 | 30,476,268 | 36,682,482 | 35,456,429 |

II. STATEMENT OF COMPREHENSIVE INCOME

| | | | | | | | |
|---|------------------|------------------|----------------|------------------|------------------|------------------|-----------------|
| 1.0 INTEREST INCOME | | | | | | | |
| 1.1 Loans and advances | 728,712 | 1,483,502 | 366,078 | 725,418 | 1,297,483 | 2,695,339 | 704,005 |
| 1.2 Government securities | 249,777 | 517,013 | 208,297 | 429,214 | 351,042 | 737,139 | 255,219 |
| 1.3 Deposits and placements with banking institutions | 22,128 | 46,818 | 22,602 | 45,671 | 61,774 | 99,197 | 28,935 |
| 1.4 Other Interest Income | 18,898 | 36,595 | 8,400 | 16,394 | 18,898 | 36,595 | 8,400 |
| 1.5 Total Interest Income | 1,019,516 | 2,083,928 | 605,375 | 1,216,696 | 1,729,197 | 3,568,270 | 996,559 |
| 2.0 INTEREST EXPENSES | | | | | | | |
| 2.1 Customer deposits | 467,394 | 939,761 | 264,607 | 530,548 | 806,161 | 1,645,124 | 441,500 |
| 2.2 Deposits and placements from banking institutions | 8,158 | 19,018 | 1,839 | 13,351 | 14,836 | 35,641 | 2,523 |
| 2.3 Other Interest Expenses | 9,177 | 18,715 | 4,563 | 9,177 | 11,991 | 24,319 | 5,933 |
| 2.4 Total Interest Expenses | 484,729 | 977,494 | 271,010 | 553,076 | 832,988 | 1,705,084 | 449,956 |
| 3.0 NET INTEREST INCOME/(LOSS) | 534,787 | 1,106,434 | 334,366 | 663,620 | 896,209 | 1,863,186 | 546,603 |
| 4.0 OTHER OPERATING INCOME | | | | | | | |
| 4.1 Fees and commissions on loans and advances | 40,709 | 87,185 | 17,488 | 39,458 | 88,078 | 176,908 | 35,163 |
| 4.2 Other Fees and Commissions | 74,840 | 148,585 | 42,121 | 72,526 | 195,318 | 404,001 | 105,455 |
| 4.3 Foreign exchange trading income (loss) | 28,167 | 74,619 | 17,290 | 32,913 | 137,615 | 281,790 | 50,804 |
| 4.4 Dividend Income | - | - | - | - | - | - | - |
| 4.5 Other Income | 67,074 | 90,585 | 30,186 | 89,697 | 102,353 | 207,418 | 78,849 |
| 4.6 Goodwill on Acquisition of subsidiary | - | - | - | - | 229,988 | - | - |
| 4.7 Total Non-Interest Income | 210,789 | 400,974 | 107,085 | 234,594 | 753,352 | 1,070,117 | 270,271 |
| 5.0 TOTAL OPERATING INCOME | 745,577 | 1,507,408 | 441,451 | 898,214 | 1,649,562 | 2,933,303 | 816,874 |
| 6.0 OPERATING EXPENSES | | | | | | | |
| 6.1 Loan Loss Provision | 8,415 | 32,891 | 6,223 | 11,136 | 105,141 | 313,578 | 21,937 |
| 6.2 Staff costs | 260,835 | 546,550 | 134,586 | 261,370 | 529,712 | 1,137,883 | 284,135 |
| 6.3 Directors' emoluments | 38,479 | 30,675 | 24,922 | 37,134 | 69,269 | 75,493 | 33,920 |
| 6.4 Rentals Charges | 44,672 | 108,771 | 29,336 | 63,759 | 78,672 | 179,671 | 46,621 |
| 6.5 Depreciation charge on property and equipment | 14,819 | 30,103 | 6,011 | 15,222 | 58,201 | 119,058 | 24,147 |
| 6.6 Amortisation Charges | 2,277 | 4,910 | 1,088 | 2,123 | 4,875 | 10,805 | 2,608 |
| 6.7 Other operating expenses | 152,363 | 340,390 | 75,823 | 144,527 | 347,095 | 781,526 | 191,488 |
| 6.8 Total Operating Expenses | 521,860 | 1,094,290 | 277,989 | 535,271 | 1,192,965 | 2,618,013 | 604,857 |
| 7.0 Profit/(Loss) before tax and exceptional items | 223,716 | 413,118 | 163,462 | 362,943 | 456,596 | 315,290 | 212,017 |
| 8.0 Exceptional items | - | - | - | - | - | - | - |
| 9.0 Profit/(Loss) after exceptional items | 223,716 | 413,118 | 163,462 | 362,943 | 456,596 | 315,290 | 212,017 |
| 10.0 Current tax | 67,115 | 96,517 | 49,039 | 108,883 | 96,094 | 126,420 | 64,504 |
| 11.0 Deferred tax | - | (14,685) | - | - | (7,056) | (64,296) | 1,433 |
| 12.0 Profit/(Loss) after tax and exceptional items | 156,601 | 331,286 | 114,423 | 254,060 | 367,559 | 253,166 | 147,512 |
| 13.0 Other Comprehensive Income | | | | | | | |
| 13.1 Gains/(Losses) from translating the financial statements of foreign operations | - | - | - | - | 27,961 | 19,476 | (27,906) |
| 13.2 Fair value changes in available-for-sale financial assets | 17,605 | 5,814 | 13,934 | (18,017) | 17,605 | 5,814 | 13,934 |
| 13.3 Revaluation surplus on Property, plant and equipment | - | - | - | - | - | 71,669 | - |
| 13.4 Share of other comprehensive income of associates | - | - | - | - | - | - | - |
| 13.5 Income tax relating to components of other comprehensive income | - | - | - | - | - | - | - |
| 14.0 Other comprehensive income for the year net of tax | 17,605 | 5,814 | 13,934 | (18,017) | 45,566 | 96,959 | (13,972) |
| 15.0 Total comprehensive income for the year | 174,207 | 337,100 | 128,357 | 236,042 | 413,125 | 350,125 | 133,541 |

Attributable to:
Non Controlling Interest
Equity Holders of the Parent

4,445
363,114

2,926
347,199

1,523
132,018

(5,327)
133,849

III. OTHER DISCLOSURES

| | 30th June 2013 | | | 31st Dec 2013 | | | 31st March 2014 | | | 30th June 2014 | | |
|---|---|------------------|-----------------------|-----------------------|------------------|-----------------------|-----------------------|------------------|-----------------------|------------------|-----------------------|--|
| | Shs '000 (Un-Audited) | Shs '000 Audited | Shs '000 (Un-Audited) | Shs '000 (Un-Audited) | Shs '000 Audited | Shs '000 (Un-Audited) | Shs '000 (Un-Audited) | Shs '000 Audited | Shs '000 (Un-Audited) | Shs '000 Audited | Shs '000 (Un-Audited) | |
| | 1) NON-PERFORMING LOANS AND ADVANCES | | | | | | | | | | | |
| a) Gross non-performing loans and advances | 441,596 | 458,639 | 575,580 | 541,104 | 1,072,276 | 1,326,124 | 1,425,676 | 1,463,064 | | | | |
| Less: | | | | | | | | | | | | |
| b) Interest in Suspense | 188,313 | 199,282 | 215,268 | 189,387 | 277,254 | 256,349 | 270,467 | 311,106 | | | | |
| c) Total Non-Performing Loans and Advances (a-b) | 253,283 | 259,357 | 360,312 | 351,717 | 795,022 | 1,069,775 | 1,155,209 | 1,151,957 | | | | |
| Less: | | | | | | | | | | | | |
| d) Loan Loss Provisions | 214,138 | 210,125 | 209,882 | 190,622 | 339,722 | 396,690 | 352,219 | 359,862 | | | | |
| e) Net Non-Performing Loans (c-d) | 39,146 | 49,232 | 150,431 | 161,094 | 455,300 | 673,085 | 802,990 | 792,095 | | | | |
| f) Discounted Value of Securities | 39,146 | 49,232 | 150,431 | 161,094 | 455,300 | 673,085 | 802,990 | 792,095 | | | | |
| g) Net NPLs Exposure (e-f) | - | - | - | - | - | - | - | - | | | | |
| 2) Insider Loans and Advances | | | | | | | | | | | | |
| a) Directors, shareholders and associates | 59,191 | 147,276 | 177,949 | 97,256 | 73,339 | 171,542 | 204,617 | 121,406 | | | | |
| b) Employees | 61,829 | 62,926 | 53,425 | 52,753 | 225,843 | 222,391 | 226,717 | 2 | | | | |