

UN-AUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES AS AT 31ST MARCH 2013

| STATEMENT OF FINANCIAL POSITION | | BANK | | | GROUP | | |
|--|--|--|---|--|--|---|--|
| | | 31st March 2012 Shs '000 (Un-Audited) | 31st Dec 2012 Shs '000 (Audited) | 31st Mar 2013 Shs '000 (Un-Audited) | 31st March 2012 Shs '000 (Un Audited) | 31st Dec 2012 Shs '000 (Audited) | 31st Mar 2013 Shs '000 (Un-Audited) |
| A. ASSETS | | | | | | | |
| 1 | Cash (both local and foreign) | 191,603 | 181,590 | 203,018 | 778,726 | 1,240,381 | 1,273,886 |
| 2 | Balances with Central Bank of Kenya | 667,688 | 556,792 | 1,285,593 | 667,688 | 556,792 | 1,285,593 |
| 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 | 5,236,421 | 4,568,773 | 4,258,841 | 5,236,421 | 4,568,773 | 4,258,841 |
| ii) | Other securities | 42,900 | 44,557 | 42,900 | 2,016,137 | 1,481,759 | 1,460,479 |
| b) | Available for sale | | | | | | |
| i) | Kenya Government securities | 540,400 | 813,534 | 1,166,190 | 540,400 | 813,534 | 1,166,190 |
| ii) | Other securities | 274,600 | 260,644 | 278,481 | 274,600 | 260,644 | 278,481 |
| 6 | Deposits and balances due from local banking institutions | 331,988 | 7,309 | 31,657 | 331,988 | 7,309 | 31,657 |
| 7 | Deposits and balances due from banking institutions abroad | 359,453 | 454,071 | 339,657 | 1,181,338 | 963,620 | 2,857,263 |
| 8 | Tax recoverable | - | 18,139 | - | - | 18,139 | - |
| 9 | Loans and advances to customers (net) | 7,092,426 | 8,742,625 | 8,555,883 | 11,774,988 | 14,180,269 | 14,978,229 |
| 10 | Balances due from banking institutions in the group | 34,811 | 115,427 | 128,015 | - | 38,409 | - |
| 11 | Investments in associates | 31,123 | 51,927 | - | - | 18,625 | - |
| 12 | Investments in subsidiary companies | 164,039 | 870,339 | 1,236,977 | - | - | - |
| 13 | Investments in Joint Ventures | - | - | - | - | - | - |
| 14 | Investment properties | - | - | - | - | - | - |
| 15 | Property and equipment | 193,299 | 186,059 | 176,051 | 643,027 | 620,092 | 655,268 |
| 16 | Prepaid lease rentals | - | - | - | - | - | - |
| 17 | Intangible assets | 13,219 | 8,891 | 7,948 | 22,996 | 16,103 | 15,592 |
| 18 | Deferred tax asset | 6,946 | 9,161 | 6,176 | - | 9,161 | 90,021 |
| 19 | Retirement benefit asset | - | - | - | - | - | - |
| 20 | Other assets | 253,360 | 260,654 | 843,271 | 539,814 | 467,234 | 587,695 |
| 21 | TOTAL ASSETS | 15,434,276 | 17,149,892 | 18,560,658 | 24,008,123 | 25,260,846 | 28,939,195 |
| B. LIABILITIES | | | | | | | |
| 22 | Balances due to Central Bank of Kenya | - | - | - | - | - | - |
| 23 | Customer deposits | 13,401,469 | 13,746,534 | 14,846,450 | 20,606,676 | 21,450,141 | 24,431,618 |
| 24 | Deposits and balances due to local banking institutions | 17,143 | 363,718 | 17,670 | 17,143 | 286,701 | 17,670 |
| 25 | Deposits and balances due to foreign banking institutions | 1,803 | 10,761 | 3,731 | 59,437 | 10,761 | 113,220 |
| 26 | Other money market deposits | - | - | - | - | - | - |
| 27 | Borrowed funds | 200,404 | 195,767 | 200,330 | 256,999 | 261,433 | 253,156 |
| 28 | Balances due to banking institutions in the group | 57,634 | 182,212 | 112,063 | - | 129,355 | - |
| 29 | Tax payable | 49,615 | - | 8,447 | 71,949 | 55,586 | 20,655 |
| 30 | Dividends Payable | - | - | - | - | - | - |
| 31 | Deferred tax liability | - | - | - | 39,412 | 57,556 | 55,768 |
| 32 | Retirement benefit liability | - | - | - | - | - | - |
| 33 | Other liabilities | 125,960 | 147,226 | 484,575 | 554,382 | 269,423 | 851,133 |
| 34 | TOTAL LIABILITIES | 13,854,029 | 14,646,217 | 15,673,266 | 21,605,999 | 22,520,956 | 25,743,220 |
| C. SHAREHOLDERS' EQUITY | | | | | | | |
| 35 | Paid up/Assigned capital | 528,308 | 731,249 | 823,661 | 528,308 | 731,249 | 823,661 |
| 36 | Share premium/(discount) | 154,922 | 637,272 | 859,571 | 154,922 | 637,272 | 859,571 |
| 37 | Revaluation reserves | (17,358) | (11,293) | (4,322) | (21,642) | (8,859) | 8,856 |
| 38 | Retained earnings/Accumulated Losses | 892,673 | 1,114,277 | 1,176,312 | 1,209,063 | 1,233,554 | 1,397,587 |
| 39 | Statutory Loan Loss Reserve | 21,702 | 32,170 | 32,170 | 53,818 | 50,628 | 25,162 |
| 40 | Other Reserves | - | - | - | 29,089 | 7,017 | (7,059) |
| 41 | Proposed dividends | - | - | - | - | - | - |
| 42 | Capital grants | - | - | - | - | - | - |
| 43 | TOTAL SHAREHOLDERS' EQUITY | 1,580,247 | 2,503,675 | 2,887,392 | 1,953,558 | 2,650,860 | 3,107,778 |
| 44 | Non controlling Interest | - | - | - | 448,566 | 89,029 | 88,197 |
| 45 | TOTAL EQUITY | 1,580,247 | 2,503,675 | 2,887,392 | 2,402,124 | 2,739,890 | 3,195,975 |
| 46 | TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 15,434,276 | 17,149,892 | 18,560,658 | 24,008,123 | 25,260,846 | 28,939,195 |
| STATEMENT OF COMPREHENSIVE INCOME | | | | | | | |
| 1.0 | INTEREST INCOME | | | | | | |
| 1.1 | Loans and advances | 368,810 | 1,567,999 | 367,170 | 555,091 | 2,435,189 | 636,212 |
| 1.2 | Government securities | 111,828 | 487,176 | 120,981 | 149,939 | 619,789 | 163,036 |
| 1.3 | Deposits and placements with banking institutions | 22,595 | 39,535 | 4,045 | 39,858 | 57,634 | 28,249 |
| 1.4 | Other Interest Income | 11,134 | 44,152 | 9,802 | 11,134 | 44,152 | 9,802 |
| 1.5 | Total Interest Income | 514,366 | 2,138,863 | 501,998 | 756,022 | 3,156,764 | 837,299 |
| 2.0 | INTEREST EXPENSES | | | | | | |
| 2.1 | Customer deposits | 352,799 | 1,336,489 | 232,191 | 427,845 | 1,698,250 | 395,708 |
| 2.2 | Deposits and placements from banking institutions | 1,844 | 20,679 | 6,484 | 2,867 | 28,497 | 9,706 |
| 2.3 | Other Interest Expenses | 4,614 | 18,482 | 4,563 | 6,107 | 26,110 | 5,973 |
| 2.4 | Total Interest Expenses | 359,257 | 1,375,650 | 243,238 | 436,819 | 1,752,857 | 411,387 |
| 3.0 | NET INTEREST INCOME/(LOSS) | 155,109 | 763,213 | 258,760 | 319,203 | 1,403,907 | 425,912 |
| 4.0 | OTHER OPERATING INCOME | | | | | | |
| 4.1 | Fees and commissions on loans and advances | 15,220 | 72,176 | 14,266 | 33,430 | 134,225 | 34,869 |
| 4.2 | Other Fees and Commissions | 37,657 | 147,382 | 37,071 | 79,965 | 332,543 | 92,137 |
| 4.3 | Foreign exchange trading income/(loss) | 28,761 | 91,558 | 18,965 | 52,834 | 268,707 | 84,698 |
| 4.4 | Dividend Income | - | - | - | - | - | - |
| 4.5 | Other Income | 65,116 | 217,738 | 10,734 | 75,611 | 316,796 | 30,724 |
| 5.0 | Total Non-interest Income | 146,754 | 528,854 | 81,036 | 241,840 | 1,052,271 | 242,428 |
| 6.0 | TOTAL OPERATING INCOME | 301,863 | 1,292,067 | 339,796 | 561,043 | 2,456,179 | 668,340 |
| 6.1 | OPERATING EXPENSES | | | | | | |
| 6.2 | Loan Loss Provision | 20,415 | 65,547 | 4,413 | 35,341 | 166,365 | 60,831 |
| 6.3 | Staff costs | 112,362 | 461,251 | 129,634 | 204,989 | 907,267 | 257,939 |
| 6.4 | Directors' emoluments | 17,085 | 67,890 | 19,404 | 22,335 | 116,731 | 31,373 |
| 6.5 | Rentals Charges | 11,535 | 53,127 | 15,995 | 20,610 | 79,868 | 32,611 |
| 6.6 | Depreciation charge on property and equipment | 8,324 | 33,117 | 7,261 | 23,064 | 85,073 | 28,275 |
| 6.7 | Amortisation Charges | 1,559 | 5,888 | 942 | 7,097 | 18,469 | 2,128 |
| 6.8 | Other operating expenses | 57,203 | 257,382 | 73,527 | 110,078 | 479,145 | 170,208 |
| 6.9 | Goodwill on Acquisition of subsidiary | - | - | - | - | - | (120,053) |
| 7.0 | Total Other Operating Expenses | 228,483 | 944,203 | 251,176 | 423,515 | 1,854,916 | 463,312 |
| 8.0 | Profit/(Loss) before tax and exceptional items | 73,380 | 347,864 | 88,620 | 137,528 | 601,262 | 205,028 |
| 9.0 | Profit/(Loss) after exceptional items | 73,380 | 347,864 | 88,620 | 137,528 | 601,262 | 205,028 |
| 10.0 | Current tax | 22,014 | 62,905 | 26,585 | 44,466 | 119,808 | 38,998 |
| 11.0 | Deferred tax | - | 1,520 | - | - | 14,749 | - |
| 12.0 | Profit/(Loss) after tax and exceptional items | 51,366 | 283,438 | 62,035 | 93,062 | 466,705 | 166,030 |
| 13.0 | Other Comprehensive Income | | | | | | |
| 13.1 | Gains/(Losses) from translating the financial statements of foreign operations | - | - | - | (14,756) | (47,386) | (11,065) |
| 13.2 | Fair value changes in available-for-sale financial assets | (6,653) | (589) | 6,968 | (6,653) | (589) | 6,968 |
| 13.3 | Revaluation surplus on Property, plant and equipment | - | - | - | - | - | - |
| 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 | (6,653) | (589) | 6,968 | (21,409) | (47,975) | (4,097) |
| 15.0 | Total comprehensive income for the year | 44,713 | 282,849 | 69,003 | 71,653 | 418,730 | 161,933 |
| | Attributable to: | | | | | | |
| | Non Controlling Interest | - | - | - | 18,438 | 82,004 | 1,997 |
| | Equity Holders of the Parent | - | - | - | 74,624 | 384,701 | 164,033 |
| OTHER DISCLOSURES | | | | | | | |
| 1) | NON-PERFORMING LOANS AND ADVANCES | | | | | | |
| a) | Gross non-performing loans and advances | 550,393 | 511,737 | 495,412 | 927,153 | 856,951 | 1,181,297 |
| b) | Less: Interest in Suspense | 152,839 | 181,927 | 196,616 | 231,536 | 227,009 | 293,316 |
| c) | Total Non-Performing Loans and Advances (a-b) | 397,554 | 329,810 | 298,796 | 695,617 | 629,942 | 887,981 |
| d) | Less: Loan Loss Provisions | 275,433 | 240,345 | 238,765 | 352,189 | 312,287 | 405,624 |
| e) | Net Non-Performing Loans (c-d) | 122,121 | 89,465 | 60,031 | 343,429 | 317,655 | 482,357 |
| f) | Discounted Value of Securities | 122,121 | 89,465 | 60,031 | 343,429 | 317,655 | 482,357 |
| g) | Net NPLs Exposure (e-f) | - | - | - | - | - | - |
|) | Insider Loans and Advances | | | | | | |
| a) | Directors, shareholders and associates | 75,757 | 23,397 | 19,129 | 89,217 | 37,218 | 26,661 |
| b) | Employees | 64,334 | 60,634 | 58,975 | 185,132 | 185,248 | 199,919 |
| c) | Total Insider Loans and Advances and Other Facilities | 130,091 | 84,031 | 78,104 | 274,349 | 130,091 | 226,580 |
| 3) | Off-Balance Sheet Items | | | | | | |
| a) | Letters of credit, guarantees, acceptances | 1,197,094 | 1,893,438 | 1,495,556 | 1,288,727 | 1,979,953 | 1,755,768 |
| b) | Forwards, swaps and options | 61,272 | 85,379 | 273,284 | 61,272 | 85,379 | 273,284 |
| c) | Other contingent liabilities | 1,773,760 | 1,276,351 | 784,514 | 1,773,760 | 1,276,351 | 886,238 |
| d) | Total Contingent Liabilities | 3,032,126 | 3,255,168 | 2,553,354 | 3,123,759 | 3,341,682 | 2,915,290 |
| 4) | Capital Strength | | | | | | |
| a) | Core Capital | 1,355,057 | 1,650,532 | 1,585,374 | - | - | - |
| b) | Minimum Statutory Capital | 700,000 | 1,000,000 | 1,000,000 | - | - | - |
| c) | Excess/(Deficiency) | 655,057 | 650,532 | 585,374 | - | - | - |
| d) | Supplementary Capital | 216,503 | 226,970 | 217,211 | - | - | - |
| e) | Total capital (a+d) | 1,571,560 | 1,877,502 | 1,802,585 | - | - | - |
| f) | Total risk weighted assets | 8,071,807 | 10,601,943 | 10,600,992 | - | - | - |
| g) | Core capital/total deposit liabilities | 10% | 11% | 11% | - | - | - |
| h) | Minimum Statutory Ratio | 8% | 8% | 8% | - | - | - |
| i) | Excess/(Deficiency) | 2% | 3% | 3% | - | | |