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AUDITED FINANCIAL STATEMENTS AND DISCLOSURES AS AT 31ST DECEMBER 2011

BALANCE SHEET			PROFIT AND LOSS ACCOUNT			OTHER DISCLOSURES		
	31-Dec-10 Audited	31-Dec-11 Audited		31-Dec-10 Audited	31-Dec-11 Audited		31-Dec-10 Audited	31-Dec-11 Audited
<b>A. ASSETS</b>	Ksh '000'	Ksh '000'	<b>1.0 INTEREST INCOME</b>	Ksh '000'	Ksh '000'	<b>1) NON PERFORMING LOANS AND ADVANCES</b>	Ksh '000'	Ksh '000'
1. Cash balances ( both local & foreign)	463,988	627,453	1.1 Loans and advances	1,010,871	1,255,240	a) Gross non-performing loans and advances	1,236,539	900,874
2. Balances due from Central Bank of Kenya	352,374	318,715	1.2 Government securities.	37,022	45,950	b) Less Interest in Suspense	182,869	128,931
3. Kenya Government securities	789,756	395,445	1.3 Deposits and placements with banking institutions	4,961	5,588	<b>c) Total non-performing loans and advances (a-b)</b>	<b>1,053,670</b>	<b>771,943</b>
4. Foreign Currency Treasury bills and bonds	-	-	1.4 Other interest income	-	-	d) Less loan loss provisions	540,762	348,695
5. Deposits and balances due from local banking institutions	51,542	511,029	<b>1.5 Total Interest income</b>	<b>1,052,855</b>	<b>1,306,778</b>	e) Net NPLs (c-d)	<b>512,908</b>	<b>423,248</b>
6. Deposits and balances due from banking institutions abroad	13,227	45,013	<b>2.0 INTEREST EXPENSES</b>			f) Discounted value of securities	512,908	373,492
7. Government and other securities held for dealing purposes	-	-	2.1 Customer deposits	79,402	113,451	g) Net NPLs exposure (e-f)	-	49,756
8. Tax recoverable	38,685	38,685	2.2 Deposits and placements from banking institutions	-	12,816	<b>2) INSIDER LOANS AND ADVANCES</b>		
9. Loans and advances to customers (net)	5,252,438	6,754,243	2.3 Other interest expenses	99,421	83,880	a) Directors, shareholders and associates	57,027	39,064
10. Investment securities	-	-	<b>2.4 Total Interest Expenses</b>	<b>178,823</b>	<b>210,147</b>	b) Employees	304,929	553,550
11. Balances due from group companies	-	-	<b>3.0 NET INTEREST INCOME</b>	<b>874,032</b>	<b>1,096,631</b>	<b>c) Total insider Loans and Advances</b>	<b>361,956</b>	<b>592,613</b>
12. Investments in associates	-	-	<b>4.0 OTHER OPERATING INCOME</b>			<b>3) OFF BALANCE SHEET ITEMS</b>		
13. Investments in subsidiaries companies	-	-	4.1 Fees and commissions on loans and advances	97,086	186,905	a) Letter of Credit, guarantees, acceptances	57,743	39,115
14. Investment in joint ventures	-	-	4.2 Other fees and Commissions income	231,776	274,386	b) Other contingent Liabilities	-	-
15. Investment properties	-	-	4.3 Foreign exchange trading income	13,476	18,300	<b>c) Total Contingent Liabilities</b>	<b>57,743</b>	<b>39,115</b>
16. Property and equipment	406,977	378,035	4.4 Dividend Income	-	-	<b>4) CAPITAL STRENGTH</b>		
17. Prepaid Operating Rental Leases	-	-	4.5 Other income.	35,957	38,653	a) Core Capital	1,096,888	1,275,190
18. Intangible assets	42,287	81,071	<b>4.6 Total Non-Interest Income</b>	<b>378,295</b>	<b>518,244</b>	b) Minimum statutory capital	500,000	700,000
19. Deferred tax asset	152,324	69,847	<b>5.0 TOTAL OPERATING INCOME</b>	<b>1,252,327</b>	<b>1,614,876</b>	c) Excess/ deficiency (a-b)	596,888	575,190
20. Retirement benefit asset	-	-	<b>6.0 OPERATING EXPENSES</b>			d) Supplementary capital	44,514	39,853
21. Other assets	106,452	99,180	6.1 Loan loss provision	56,378	289,948	<b>e) Total Capital (a+d)</b>	<b>1,141,402</b>	<b>1,315,043</b>
<b>22. TOTAL ASSETS</b>	<b>7,670,049</b>	<b>9,318,715</b>	6.2 Staff costs	503,474	483,898	f) Total Risk Weighted Assets	5,281,063	6,649,967
<b>B. LIABILITIES</b>			6.3 Directors' emoluments	41,827	29,735	g) Core Capital/ Total Deposit Liabilities	20%	20%
23. Balances due to Central Bank of Kenya	-	-	6.4 Operating lease rental	45,056	16,183	h) Minimum Statutory ratio	8%	8%
24. Customers' deposits	5,454,468	6,446,016	6.5 Depreciation on property and equipment	95,343	98,537	i) Excess/deficiency (g-h)	12%	12%
25. Deposits and balances due to local banking institutions	-	-	6.6 Amortization charges (Intangible)	26,087	29,385	j) Core Capital/ Total Risk Weighted Assets	21%	19%
26. Deposits and balances due to foreign banking institutions	-	-	6.7 Other operating expenses	373,645	411,247	k) Minimum statutory ratio	8%	8%
27. Other money market deposits	-	-	<b>6.8 Total Operating Expenses</b>	<b>1,141,810</b>	<b>1,358,932</b>	l) Excess/deficiency (j-k)	13%	11%
28. Borrowed funds	909,603	1,224,671	Profit/(loss) before tax and exceptional items	110,517	255,944	m) Total Capital/ Total Risk Weighted assets	22%	20%
29. Balances due to group companies	-	-	Exceptional items	-	-	n) Minimum statutory ratio	12%	12%
30. Tax payable	-	-	<b>Profit/(loss) before tax</b>	<b>110,517</b>	<b>255,944</b>	o) Excess/deficiency (m-n)	10%	8%
31. Dividends payable	-	-	Current tax	-	-	<b>5) LIQUIDITY</b>		
32. Deferred tax liability	-	-	Deferred tax	59,878	82,578	a) Liquidity ratio	30%	29%
33. Retirement benefit liability	-	-	<b>Profit / (loss) after tax</b>	<b>50,639</b>	<b>173,366</b>	b) Minimum statutory ratio	20%	20%
34. Other liabilities	148,445	317,030				o) Excess/deficiency (a-b)	10%	9%
<b>35. TOTAL LIABILITIES</b>	<b>6,512,517</b>	<b>7,987,717</b>				<b>6) MESSAGE FROM DIRECTORS</b>		
<b>C. SHAREHOLDERS' EQUITY</b>						The financial statements are extracts from the books of the institution. To get a full picture of bank's performance, the complete set of published statements are available at our Head office, K-Rep Centre-Wood Avenue, Kilimani, Nairobi and can be viewed by any interested person(s)		
36. Paid up/Assigned capital	1,139,612	1,139,612				Signed by: George Okado	Albert Ruturi	
38. Revaluation reserves	21,507	21,274				INTERIM CHAIRMAN	MANAGING DIRECTOR	
39. Retained earnings/ Accumulated losses	(42,725)	135,577						
40. Statutory loan loss reserve	39,138	34,535						
41. Proposed dividends	-	-						
42. Capital grants	-	-						
<b>43. TOTAL SHAREHOLDERS' EQUITY</b>	<b>1,157,532</b>	<b>1,330,998</b>						
<b>44. TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>7,670,049</b>	<b>9,318,715</b>						