

AUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES

I BALANCE SHEET

	31st December 2012 Shs. '000' Audited	31 December 2013 Shs. '000' Audited
A ASSETS		
1 Cash (both Local & Foreign)	121,162	135,964
2 Balances due from Central Bank of Kenya	226,606	431,318
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:	2,037,865	1,524,937
a. Kenya Government securities		
b. Other securities	2,037,865	1,524,937
b) Available for sale:	289,299	269,187
a. Kenya Government securities	210,636	197,730
b. Other securities	78,663	71,457
6 Deposits and balances due from local banking institutions	45,297	71,924
7 Deposits and balances due from banking institutions abroad	77,581	67,125
8 Tax recoverable	6,829	-
9 Loans and advances to customers (net)	3,112,099	4,328,080
10 Balances due from banking institutions in the group		
11 Investments in associates		
12 Investments in subsidiary companies		
13 Investments in joint ventures		
14 Investment properties		
15 Property and equipment	161,694	197,334
16 Prepaid lease rentals		
17 Intangible assets	158,060	163,266
18 Deferred tax asset	23,504	26,096
19 Retirement benefit asset		
20 Other assets	147,489	93,623
21 TOTAL ASSETS	6,407,485	7,308,855
B LIABILITIES		
22 Balances due to Central Bank of Kenya		
23 Customer deposits	4,781,147	5,511,795
24 Deposits and balances due to local banking institutions	142,398	422,339
25 Deposits and balances due to foreign banking institutions	172,961	
26 Other money market deposits		
27 Borrowed funds		
28 Balances due to banking institutions in the group		
29 Tax payable		15,933
30 Dividends payable		
31 Deferred tax liability		
32 Retirement benefit liability		
33 Other liabilities	132,180	121,135
34 TOTAL LIABILITIES	5,228,686	6,071,202
C SHAREHOLDERS' FUNDS		
35 Paid up /Assigned capital	1,000,000	1,150,000
36 Share premium/(discount)		
37 Revaluation reserves		
38 Retained earnings/Accumulated losses	187,943	48,654
39 Statutory loan loss reserves	15,512	57,597
40 Other Reserves	(24,656)	(18,598)
41 Proposed dividends		
42 Capital grants		
43 TOTAL SHAREHOLDERS' FUNDS	1,178,799	1,237,653
44 TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	6,407,485	7,308,855

II PROFIT AND LOSS ACCOUNT

1.0 INTEREST INCOME		
1.1 Loans and advances	786,847	733,824
1.2 Government securities	119,860	131,807
1.3 Deposits and placements with banking institutions	20,558	31,185
1.4 Other Interest Income	11,043	9,446
1.5 Total interest income	938,309	906,263
2.0 INTEREST EXPENSE		
2.1 Customer deposits	517,515	384,730
2.2 Deposits and placement from banking institutions	18,989	2,148
2.3 Other interest expenses		
2.4 Total interest expenses	536,504	386,878
3.0 NET INTEREST INCOME/(LOSS)	401,805	519,385
4.0 NON-INTEREST INCOME		
4.1 Fees and commissions on loans and advances	53,908	52,786
4.2 Other fees and commissions	34,977	47,017
4.3 Foreign exchange trading income/(Loss)	13,670	13,406
4.4 Dividend Income		
4.5 Other income	29,401	17,702
4.6 Total Non-interest income	131,956	130,910
5.0 TOTAL OPERATING INCOME	533,761	650,296
6.0 OTHER OPERATING EXPENSES		
6.1 Loan loss provision	5,560	45,222
6.2 Staff costs	192,773	221,330
6.3 Directors' emoluments	28,724	31,055
6.4 Rental charges	43,518	49,728
6.5 Depreciation charge on property and equipment	31,013	41,637
6.6 Amortisation charges	22,739	35,708
6.7 Other operating expenses	128,641	153,170
6.8 Total Other Operating Expenses	452,969	577,850
7.0 Profit/(loss) before tax and exceptional items	80,792	72,445
8.0 Exceptional items		
9.0 Profit/(loss) after exceptional items	80,792	72,445
10.0 Current tax	8,119	24,838
11.0 Deferred tax	3,004	(5,189)
12.0 Profit/(loss) after tax and exceptional items	69,669	52,796
13.0 Other Comprehensive Income		
13.1 Gains/(Losses) from translating the financial statements of foreign operations		
13.2 Fair value changes in available for sale financial assets	(25,497)	8,655
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	7,649	(2,597)
14.0 Other Comprehensive Income for the year net of tax	(17,848)	6,058
15.0 Total comprehensive income for the year	51,821	58,854
16.0 EARNINGS PER SHARE- BASIC & DILUTED	7.0	3.5
17.0 DIVIDEND PER SHARE -DECLARED		

III OTHER DISCLOSURES

1.0 NON-PERFORMING LOANS AND ADVANCES		
(a) Gross Non-performing loans and advances	387,277	344,829
(b) Less: Interest in Suspense	98,554	95,530
(c) Total Non-Performing Loans and Advances (a-b)	288,723	249,298
(d) Less: Loan Loss Provision	132,373	108,637
(e) Net Non-Performing Loans and Advances (c-d)	156,350	140,661
(f) Discounted Value of Securities	156,350	140,661
(g) Net NPLs Exposure (e-f)	-	-
2.0 INSIDER LOANS AND ADVANCES		
(a) Directors, Shareholders and Associates	240,551	212,320
(b) Employees	167,112	202,327
(c) Total Insider Loans and Advances and other facilities	407,663	414,647
3.0 OFF-BALANCE SHEET ITEMS		
(a) Letters of credit, guarantees, acceptances	624,662	439,330
(b) Forwards, swaps and options		
(c) Other contingent liabilities	401	
(d) Total Contingent Liabilities	625,063	439,330
4.0 CAPITAL STRENGTH		
(a) Core capital	1,187,943	1,198,654
(b) Minimum Statutory Capital	1,000,000	1,000,000
(c) Excess/(Deficiency)(a-b)	187,943	198,654
(d) Supplementary Capital	15,512	57,597
(e) Total Capital (a+d)	1,203,455	1,256,251
(f) Total risk weighted assets	3,914,190	4,718,695
(g) Core Capital/Total deposits Liabilities	29.4%	21.3%
(h) Minimum statutory Ratio	8.0%	8.0%
(i) Excess/(Deficiency) (g-h)	15.4%	13.3%
(j) Core Capital / total risk weighted assets	30.3%	25.4%
(k) Minimum Statutory Ratio	8.0%	8.0%
(l) Excess (Deficiency) (j-k)	22.3%	17.4%
(m) Total Capital/total risk weighted assets	30.7%	26.6%
(n) Minimum statutory Ratio	12.0%	12.0%
(o) Excess/(Deficiency) (m-n)	18.7%	14.6%
14 LIQUIDITY		
14.1 (a) Liquidity Ratio	48.9%	36.7%
14.2 (b) Minimum Statutory Ratio	20.0%	20.0%
14.3 (c) Excess (Deficiency) (a-b)	28.9%	16.7%

Message from the Directors

The above Profit and Loss Account and Balance Sheet are extracts of financial statements Audited by priceWaterhouseCoopers and received an unqualified opinion. A full set of the financial statements is available from the company secretary or at our offices. The financial statements were approved by the board of Directors on 4th March 2014.

Sunil Sahdev
Managing Director

Moses Mwendwa
Director

NAIROBI BRANCH:
Mercantile House, Koinange Street

NAKURU BRANCH:
Apollo Plaza along Kenyatta Avenue

INDUSTRIAL AREA BRANCH:
Butere Road

KISUMU BRANCH:
Swan Centre, Oginga Odinga Road,

RONGAI BRANCH
Maasai Mall

ELDORET BRANCH
Zion Mall, Uganda Road

WESTLANDS BRANCH:
Empress Office Suite, Ring Rd,
Parklands

KISII BRANCH
Hospital Road

MOMBASA BRANCH
Naivas Centre

NAKURU BRANCH:
Giddo Plaza, Eldoret-Nakuru Highway