

**AUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES**

I BALANCE SHEET		31 December 2013 Shs. '000' Audited	31 December 2014 Shs. '000' Audited
<b>A ASSETS</b>			
1	Cash ( both Local & Foreign)	135,964	193,068
2	Balances due from Central Bank of Kenya	431,318	262,789
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:		
	a. Kenya Government securities	1,524,937	1,282,042
	b. Other securities	-	-
	b) Available for sale:		
	a. Kenya Government securities	197,730	308,450
	b. Other securities	71,457	59,500
6	Deposits and balances due from local banking institutions	71,924	591,599
7	Deposits and balances due from banking institutions abroad	67,125	78,778
8	Tax recoverable	-	30
9	Loans and advances to customers (net)	4,328,080	5,527,640
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	197,334	301,473
16	Prepaid lease rentals	-	-
17	Intangible assets	163,266	129,733
18	Deferred tax asset	26,096	23,876
19	Retirement benefit asset	-	-
20	Other assets	93,623	105,559
21	<b>TOTAL ASSETS</b>	<b>7,308,855</b>	<b>8,864,537</b>
<b>B LIABILITIES</b>			
22	Balances due to Central Bank of Kenya	-	-
23	Customer deposits	5,511,795	7,213,076
24	Deposits and balances due to local banking institutions	422,339	328,404
25	Deposits and balances due to foreign banking institutions	-	-
26	Other money market deposits	-	-
27	Borrowed funds	-	-
28	Balances due to banking institutions in the group	-	-
29	Tax payable	15,933	10,755
30	Dividends payable	-	-
31	Deferred tax liability	-	-
32	Retirement benefit liability	-	-
33	Other liabilities	121,135	160,641
34	<b>TOTAL LIABILITIES</b>	<b>6,071,202</b>	<b>7,712,876</b>
<b>C SHAREHOLDERS' FUNDS</b>			
35	Paid up/Assigned capital	1,150,000	1,150,000
36	Share premium/(discount)	-	-
37	Revaluation reserves	-	-
38	Retained earnings/Accumulated losses	48,654	(38,385)
39	Statutory loan loss reserves	57,597	52,921
40	Other Reserves	(18,598)	(12,875)
41	Proposed dividends	-	-
42	Capital grants	-	-
43	<b>TOTAL SHAREHOLDERS' FUNDS</b>	<b>1,237,653</b>	<b>1,151,660</b>
44	<b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>7,308,855</b>	<b>8,864,537</b>
<b>II PROFIT AND LOSS ACCOUNT</b>			
1.0	<b>INTEREST INCOME</b>		
1.1	Loans and advances	733,824	897,886
1.2	Government securities	131,807	130,279
1.3	Deposits and placements with banking institutions	31,185	16,071
1.4	Other interest income	9,446	8,117
1.5	<b>Total interest income</b>	<b>906,263</b>	<b>1,052,353</b>
2.0	<b>INTEREST EXPENSE</b>		
2.1	Customer deposits	384,730	496,617
2.2	Deposits and placement from banking institutions	2,148	6,465
2.3	Other interest expenses	-	-
2.4	<b>Total interest expenses</b>	<b>386,878</b>	<b>503,081</b>
3.0	<b>NET INTEREST INCOME/(LOSS)</b>	<b>519,385</b>	<b>549,272</b>
4.0	<b>NON-INTEREST INCOME</b>		
4.1	Fees and commissions on loans and advances	52,786	68,679
4.2	Other fees and commissions	47,017	40,521
4.3	Foreign exchange trading income/(Loss)	13,406	19,241
4.4	Dividend Income	-	-
4.5	Other income	17,702	8,836
4.6	<b>Total Non-interest income</b>	<b>130,910</b>	<b>137,276</b>
5.0	<b>TOTAL OPERATING INCOME</b>	<b>650,296</b>	<b>686,548</b>
6.0	<b>OTHER OPERATING EXPENSES</b>		
6.1	Loan loss provision	45,222	117,746
6.2	Staff costs	221,330	294,313
6.3	Directors' emoluments	31,055	33,822
6.4	Rental charges	49,728	65,371
6.5	Depreciation charge on property and equipment	41,637	51,594
6.6	Amortisation charges	35,708	41,793
6.7	Other operating expenses	153,170	172,291
6.8	<b>Total Other Operating Expenses</b>	<b>577,850</b>	<b>776,930</b>
7.0	<b>Profit/(loss) before tax and exceptional items</b>	<b>72,445</b>	<b>(90,382)</b>
8.0	Exceptional items	-	-
9.0	<b>Profit/(loss) after exceptional items</b>	<b>72,445</b>	<b>(90,382)</b>
10.0	Current tax	24,838	1,566
11.0	Deferred tax	(5,189)	(233)
12.0	<b>Profit/(loss) after tax and exceptional items</b>	<b>52,796</b>	<b>(91,715)</b>
13.0	<b>Other Comprehensive Income</b>		
13.1	Gains/(Losses) from translating the financial statements of foreign operations	-	-
13.2	Fair value changes in available for sale financial assets	8,655	8,176
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	(2,597)	(2,453)
14.0	<b>Other Comprehensive Income for the year net of tax</b>	<b>6,058</b>	<b>5,723</b>
15.0	<b>Total comprehensive income for the year</b>	<b>58,854</b>	<b>(85,992)</b>
16.0	<b>EARNINGS PER SHARE - BASIC &amp; DILUTED</b>	<b>3.5</b>	<b>-6.1</b>
17.0	<b>DIVIDEND PER SHARE -DECLARED</b>	<b>-</b>	<b>-</b>
<b>III OTHER DISCLOSURES</b>			
1.0	<b>NON-PERFORMING LOANS AND ADVANCES</b>		
(a)	Gross Non-performing loans and advances	344,829	586,252
(b)	Less: Interest in Suspense	95,530	130,702
(c)	<b>Total Non-Performing Loans and Advances (a-b)</b>	<b>249,299</b>	<b>455,550</b>
(d)	Less: Loan Loss Provision	108,637	128,816
(e)	<b>Net Non-Performing Loans and Advances(c-d)</b>	<b>140,661</b>	<b>226,735</b>
(f)	Discounted Value of Securities	140,661	226,735
(g)	<b>Net NPLs Exposure (e-f)</b>	<b>-</b>	<b>-</b>
2.0	<b>INSIDER LOANS AND ADVANCES</b>		
(a)	Directors, Shareholders and Associates	212,320	249,594
(b)	Employees	202,327	357,058
(c)	<b>Total Insider Loans and Advances and other facilities</b>	<b>414,647</b>	<b>606,652</b>
3.0	<b>OFF-BALANCE SHEET ITEMS</b>		
(a)	Letters of credit, guarantees, acceptances	540,641	334,692
(b)	Forwards, swaps and options	-	-
(c)	Other contingent liabilities	-	856,347
(d)	<b>Total Contingent Liabilities</b>	<b>540,641</b>	<b>1,191,039</b>
4.0	<b>CAPITAL STRENGTH</b>		
(a)	Core capital	1,198,654	1,111,615
(b)	Minimum Statutory Capital	1,000,000	1,000,000
(c)	Excess/(Deficiency)(a-b)	198,654	111,615
(d)	Supplementary Capital	57,597	52,921
(e)	<b>Total Capital (a+d)</b>	<b>1,256,251</b>	<b>1,164,536</b>
(f)	Total risk weighted assets	4,718,695	6,184,951
(g)	<b>Core Capital/Total deposits Liabilities</b>	<b>21.3%</b>	<b>15.1%</b>
(h)	Minimum statutory Ratio	8.0%	10.5%
(i)	Excess/(Deficiency) (g-h)	13.3%	4.6%
(j)	<b>Core Capital / total risk weighted assets</b>	<b>25.4%</b>	<b>16.4%</b>
(k)	Minimum Statutory Ratio	8.0%	10.5%
(l)	Excess (Deficiency) (j-k)	17.4%	5.9%
(m)	<b>Total Capital/total risk weighted assets</b>	<b>26.6%</b>	<b>17.2%</b>
(n)	Minimum statutory Ratio	12.0%	14.5%
(o)	Excess/(Deficiency) (m-n)	14.6%	2.7%
14	<b>LIQUIDITY</b>		
14.1	(a) <b>Liquidity Ratio</b>	<b>36.7%</b>	<b>32.2%</b>
14.2	(b) Minimum Statutory Ratio	20.0%	20.0%
14.3	(c) Excess (Deficiency) (a-b)	16.7%	12.2%

**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 17th March 2015.

<b>Sunil Sahdev</b> Managing Director	<b>Moses M Mwendwa</b> Director	
<b>NAIROBI BRANCH:</b> Mercantile House, Koinange Street	<b>KISUMU BRANCH:</b> Swan Centre, Oginga Odinga Road,	<b>KISII BRANCH</b> Hospital Road
<b>WESTLANDS BRANCH:</b> Empress Office Suite, Ring Rd, Parklands	<b>INDUSTRIAL AREA BRANCH:</b> Butere Road	<b>NAKURU BRANCH:</b> Apollo Plaza along Kenyatta Avenue
<b>RONGAI BRANCH</b> Maasai Mall	<b>MOMBASA BRANCH</b> Naivas Centre	<b>THIKA BRANCH</b> Biashara Mall
<b>MACHAKOS BRANCH</b> MboluMatu Road	<b>NAKURU BRANCH:</b> Giddo Plaza, Eldoret-Nakuru Highway	<b>ELDORET BRANCH</b> Zion Mall,Uganda Road
<b>LAVINGTON BRANCH</b> Lavington Mall	<b>KITENGELA BRANCH:</b> Safari House	