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UNAUDITED FINANCIAL STATEMENTS AND DISCLOSURES AS AT 30TH JUNE 2012

BALANCE SHEET

	30-Jun-11 Unaudited	31-Dec-11 Audited	31-Mar-12 Unaudited	30-Jun-12 Unaudited
A. ASSETS	Ksh '000'	Ksh '000'	Ksh '000'	Ksh '000'
1. Cash balances (both local & foreign)	478,422	627,453	526,860	594,635
2. Balances due from Central Bank of Kenya	293,233	318,715	308,346	275,590
3. Kenya Government securities	780,695	395,445	230,965	76,035
4. Foreign Currency Treasury bills and bonds	-	-	-	-
5. Deposits and balances due from local banking institutions	385,760	511,029	521,328	880,668
6. Deposits and balances due from banking institutions abroad	15,460	45,013	15,781	219
7. Government and other securities held for dealing purposes	-	-	-	-
8. Tax recoverable	38,685	38,685	38,685	38,685
9. Loans and advances to customers (net)	5,735,376	6,754,243	7,065,834	6,903,364
10. Investment securities	-	-	-	-
11. Balances due from group companies	-	-	-	-
12. Investments in associates	-	-	-	-
13. Investments in subsidiaries companies	-	-	-	-
14. Investment in joint ventures	-	-	-	-
15. Investment properties	-	-	-	-
16. Property and equipment	406,126	378,035	374,446	363,420
17. Prepaid Operating Rental Leases	-	-	-	-
18. Intangible assets	81,769	81,071	74,343	76,875
19. Deferred tax asset	152,324	69,847	69,847	69,847
20. Retirement benefit asset	-	-	-	-
21. Other assets	73,633	99,180	90,143	94,810
22. TOTAL ASSETS	**8,441,483**	**9,318,715**	**9,316,576**	**9,374,148**
B. LIABILITIES				
23. Balances due to Central Bank of Kenya	-	-	-	-
24. Customers' deposits	6,213,075	6,446,016	6,455,994	6,426,505
25. Deposits and balances due to local banking institutions	-	-	-	-
26. Deposits and balances due to foreign banking institutions	-	-	-	-
27. Other money market deposits	-	-	-	-
28. Borrowed funds	764,520	1,224,671	1,148,424	1,083,760
29. Balances due to group companies	-	-	-	-
30. Tax payable	-	-	31,276	55,545
31. Dividends payable	-	-	-	-
32. Deferred tax liability	-	-	-	-
33. Retirement benefit liability	-	-	-	-
34. Other liabilities	203,453	317,030	276,907	347,736
35. TOTAL LIABILITIES	**7,181,047**	**7,987,717**	**7,912,601**	**7,913,545**
C. SHAREHOLDERS' EQUITY				
36. Paid up/Assigned capital	1,139,612	1,139,612	1,139,612	1,139,612
37. Share Premium/(Discount)	-	-	-	-
38. Revaluation reserves	21,507	21,274	21,274	21,274
39. Retained earnings/ Accumulated losses	60,179	135,577	208,554	265,182
40. Statutory loan loss reserve	39,138	34,535	34,535	34,535
41. Proposed dividends	-	-	-	-
42. Capital grants	-	-	-	-
43. TOTAL SHAREHOLDERS' EQUITY	**1,260,436**	**1,330,998**	**1,403,975**	**1,460,603**
44.TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**8,441,483**	**9,318,715**	**9,316,576**	**9,374,148**

PROFIT AND LOSS ACCOUNT

	30-Jun-11 Unaudited	31-Dec-11 Audited	31-Mar-12 Unaudited	30-Jun-12 Unaudited
1.0 INTEREST INCOME	Ksh '000'	Ksh '000'	Ksh '000'	Ksh '000'
1.1 Loans and advances	533,483	1,255,240	420,120	849,682
1.2 Government securities.	14,019	45,950	7,165	11,151
1.3 Deposits and placements with banking institutions	2,783	5,588	12,826	25,984
1.4 Other interest income	-	-	-	-
1.5 Total Interest income	550,285	1,306,778	440,111	886,817
2.0 INTEREST EXPENSES				
2.1 Customer deposits	56,563	113,451	89,783	192,893
2.2 Deposits and placements from banking institutions	-	12,816	371	381
2.3 Other interest expenses	28,962	83,880	42,256	78,615
2.4 Total Interest Expenses	85,525	210,147	132,411	271,889
3.0 NET INTEREST INCOME	**464,760**	**1,096,631**	**307,700**	**614,927**
4.0 OTHER OPERATING INCOME				
4.1 Fees and commissions on loans and advances	70,748	186,905	22,385	42,186
4.2 Other fees and Commissions income	130,555	274,386	70,042	127,670
4.3 Foreign exchange trading income	6,411	18,300	(643)	3,515
4.4 Dividend Income	-	-	-	-
4.5 Other income.	10,358	38,653	9,042	15,643
4.6 Total Non-Interest Income	**218,072**	**518,244**	**100,825**	**189,014**
5.0 TOTAL OPERATING INCOME	**682,832**	**1,614,876**	**408,526**	**803,941**
6.0 OPERATING EXPENSES				
6.1 Loan loss provision	76,743	289,948	53,542	93,662
6.2 Staff costs	219,603	483,898	107,640	240,783
6.3 Directors' emoluments	11,701	29,735	7,351	17,131
6.4 Operating lease rental	12,910	16,183	1,625	3,250
6.5 Depreciation on property and equipment	52,105	98,537	20,865	41,555
6.6 Amortization charges (Intangible)	14,308	29,385	6,728	13,456
6.7 Other operating expenses	192,559	411,247	106,522	208,954
6.8 Total Operating Expenses	**579,928**	**1,358,932**	**304,272**	**618,792**
Profit/(loss) before tax and exceptional items	102,904	255,944	104,253	185,150
Exceptional items	-	-	-	-
Profit/(loss) before tax	**102,904**	**255,944**	**104,253**	**185,150**
Current tax	-	-	-	-
Deferred tax	-	82,578	31,276	55,545
Profit / (loss) after tax	**102,904**	**173,366**	**72,977**	**129,605**

OTHER DISCLOSURES

	30-Jun-11 Unaudited	31-Dec-11 Audited	31-Mar-12 Unaudited	30-Jun-12 Unaudited
1) NON PERFORMING LOANS AND ADVANCES	Ksh '000'	Ksh '000'	Ksh '000'	Ksh '000'
a) Gross non-performing loans and advances	935,560	900,874	755,917	934,238
b) Less Interest in Suspense	109,692	128,931	143,787	159,312
c) Total non performing loans and advances (a-b)	825,868	771,943	612,130	774,926
d) Less loan loss provisions	371,855	348,695	276,420	317,683
e) Net NPLs (c-d)	**454,013**	**423,248**	**335,710**	**457,243**
f) Discounted value of securities	428,711	373,492	300,594	407,684
g) Net NPLs exposure (e-f)	25,302	49,756	35,117	49,559
2)INSIDER LOANS AND ADVANCES				
a) Directors, shareholders and associates	49,594	39,064	36,309	20,993
b) Employees	340,553	553,550	554,180	554,515
c) Total insider Loans and Advances	**390,146**	**592,613**	**590,490**	**575,508**
3)OFF BALANCE SHEET ITEMS				
a) Letter of Credit, guarantees, acceptances	82,690	39,115	152,754	178,045
b) Other contigent Liabilities	-	-	-	-
c) Total Contigent Liabilities	**82,690**	**39,115**	**152,754**	**178,045**
4) CAPITAL STRENGTH				
a) Core Capital	1,148,340	1,275,190	1,311,678	1,339,992
b) Minimum statutory capital	500,000	700,000	700,000	700,000
c) Excess/ deficiency (a-b)	648,340	575,190	611,678	639,992
d) Supplementary capital	44,514	39,853	39,853	39,853
e) Total Capital (a+d)	**1,192,854**	**1,315,043**	**1,351,531**	**1,379,845**
f) Total Risk Weighted Assets	5,808,228	6,649,967	6,742,227	6,666,007
g) Core Capital/ Total Deposit Liabilities	18%	20%	20%	21%
h) Minimum Statutory ratio	8%	8%	8%	8%
i) Excess/deficiency (g-h)	10%	12%	12%	13%
j) Core Capital/ Total Risk Weighted Assets	20%	19%	19%	20%
k) Minimum statutory ratio	8%	8%	8%	8%
l) Excess/deficiency (j-k)	12%	11%	11%	12%
m) Total Capital/ Total Risk Weighted assets	21%	20%	20%	21%
n) Minimum statutory ratio	12%	12%	12%	12%
o) Excess/deficiency (m-n)	9%	8%	8%	9%
5) LIQUIDITY				
a) Liquidity ratio	31%	29%	25%	27%
b) Minimum statutory ratio	20%	20%	20%	20%
o) Excess/deficiency (a-b)	11%	9%	5%	7%

6) MESSAGE FROM DIRECTORS

The financial statements are extracts from the books of the institution.

Signed by: George Okado — INTERIM CHAIRMAN

Albert Ruturi — MANAGING DIRECTOR