

## UNAUDITED QUARTERLY FINANCIAL STATEMENTS AND DISCLOSURES

### I BALANCE SHEET

|   | 30th Sept 2008<br>Shs. '000'<br>(Unaudited) | 30th June 2008<br>Shs. '000'<br>(Unaudited) | 31st Mar 2008<br>Shs. '000'<br>(Unaudited) | 31st Dec 2007<br>Shs. '000'<br>(Audited) | 30th Sept 2007<br>Shs. '000'<br>(Unaudited) |
|---|---|---|--|--|---|
| <b>A. ASSETS</b>  |   |   |  |  |   |
| 1. Cash (both local & foreign)                                | 231,063                                     | 161,010                                     | 267,895                                    | 105,788                                  | 61,318                                      |
| 2. Balances due from Central Bank of Kenya                    | 780,217                                     | 436,448                                     | 344,270                                    | 235,489                                  | 644,879                                     |
| 3. Kenya Government securities                                | 1,030,749                                   | 785,841                                     | 905,198                                    | 1,043,632                                | 1,217,482                                   |
| 4. Foreign Currency Treasury bills and bonds                  | -   | -   | -  | -  | -   |
| 5. Deposits and balances due from local banking institutions  | 231,330                                     | 219,522                                     | 57,750                                     | 43,622                                   | 210,383                                     |
| 6. Deposits and balances due from banking institutions abroad | 483,749                                     | 1,123,491                                   | 226,270                                    | 476,068                                  | 130,097                                     |
| 7. Government and other securities held for dealing purposes  | -   | -   | -  | -  | -   |
| 8. Tax recoverable  | -   | -   | -  | -  | 39,946                                      |
| 9. Loans and advances to customers (net)                      | 5,123,693                                   | 4,914,219                                   | 3,827,243                                  | 3,251,293                                | 2,944,931                                   |
| 10. Investment securities                                     | 95,756                                      | 49,481                                      | 1,143                                      | 1,143                                    | 2,119                                       |
| 11. Balance due from group companies                          | -   | -   | -  | -  | -   |
| 12. Investment in associates                                  | -   | -   | -  | -  | -   |
| 13. Investment in subsidiary companies                        | -   | -   | -  | -  | -   |
| 14. Investment in joint ventures                              | -   | -   | -  | -  | -   |
| 15. Investment properties                                     | -   | -   | -  | -  | -   |
| 16. Property and equipment                                    | 195,958                                     | 199,253                                     | 179,247                                    | 139,084                                  | 42,750                                      |
| 17. Prepaid lease rentals                                     | -   | -   | -  | -  | -   |
| 18. Intangible assets   | 7,876                                       | 7,023                                       | 3,589                                      | 3,318                                    | 3,089                                       |
| 19. Deferred tax asset  | 1,109                                       | 1,109                                       | 1,109                                      | 1,109                                    | 57  |
| 20. Retirement benefit asset                                  | -   | -   | -  | -  | -   |
| 21. Other assets  | 572,924                                     | 599,185                                     | 609,572                                    | 453,573                                  | 314,256                                     |
| <b>22. TOTAL ASSETS</b>                                       | <b>8,754,424</b>                            | <b>8,496,582</b>                            | <b>6,423,277</b>                           | <b>5,754,120</b>                         | <b>5,611,307</b>                            |
| <b>B. LIABILITIES</b>   |   |   |  |  |   |
| 23. Balances due to Central Bank of Kenya                     | -   | -   | -  | -  | -   |
| 24. Customer deposits   | 6,085,749                                   | 5,498,282                                   | 4,715,417                                  | 4,275,585                                | 3,804,120                                   |
| 25. Deposits and balances due to local banking institutions   | 956,279                                     | 1,213,522                                   | 767,661                                    | 622,758                                  | 639,562                                     |
| 26. Deposits and balances due to foreign banking institutions | 484,780                                     | 184,211                                     | 76,321                                     | 6,731                                    | 9,797                                       |
| 27. Other money market deposits                               | -   | -   | -  | -  | -   |
| 28. Borrowed funds  | -   | -   | -  | -  | -   |
| 29. Balance due to group companies                            | -   | -   | -  | -  | -   |
| 30. Tax payable   | 5,243                                       | 2,725                                       | 38,063                                     | 22,593                                   | 54,197                                      |
| 31. Dividends payable   | -   | -   | -  | -  | -   |
| 32. Deferred tax liability                                    | -   | -   | -  | -  | -   |
| 33. Retirement benefit liability                              | -   | -   | -  | -  | -   |
| 34. Other liabilities   | 442,677                                     | 858,890                                     | 129,325                                    | 130,882                                  | 415,219                                     |
| <b>35. TOTAL LIABILITIES</b>                                  | <b>7,974,728</b>                            | <b>7,757,630</b>                            | <b>5,726,787</b>                           | <b>5,058,548</b>                         | <b>4,922,895</b>                            |
| <b>C. SHAREHOLDERS' EQUITY</b>                                |   |   |  |  |   |
| 36. Paid up/ Assigned capital                                 | 600,000                                     | 600,000                                     | 600,000                                    | 600,000                                  | 600,000                                     |
| 37. Share premium/(discount)                                  | -   | -   | -  | -  | -   |
| 38. Revaluation reserves                                      | 6,337                                       | 6,337                                       | 6,337                                      | 6,337                                    | 946   |
| 39. Retained earnings/(Accumulated losses)                    | 149,449                                     | 108,705                                     | 66,243                                     | 65,325                                   | 57,108                                      |
| 40. Statutory Loan Loss Reserve                               | 23,910                                      | 23,910                                      | 23,910                                     | 23,910                                   | 30,358                                      |
| 41. Proposed dividends  | -   | -   | -  | -  | -   |
| 42. Shareholders' loans/ capital grants                       | -   | -   | -  | -  | -   |
| <b>43. TOTAL SHAREHOLDERS' EQUITY</b>                         | <b>779,696</b>                              | <b>738,952</b>                              | <b>696,490</b>                             | <b>695,527</b>                           | <b>688,412</b>                              |
| <b>44. TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>         | <b>8,754,424</b>                            | <b>8,496,582</b>                            | <b>6,423,277</b>                           | <b>5,754,120</b>                         | <b>5,611,307</b>                            |

### II PROFIT AND LOSS ACCOUNT

|   | 30th Sept 2008<br>Shs. '000'<br>(Unaudited) | 30th June 2008<br>Shs. '000'<br>(Unaudited) | 31st Mar 2008<br>Shs. '000'<br>(Unaudited) | 31st Dec 2007<br>Shs. '000'<br>(Audited) | 30th Sept 2007<br>Shs. '000'<br>(Unaudited) |
|---|---|---|--|--|---|
| <b>1. INTEREST INCOME</b>                             |   |   |  |  |   |
| 1.1 Loans and advances                                | 549,074                                     | 336,891                                     | 142,751                                    | 430,458                                  | 302,719                                     |
| 1.2 Government securities                             | 60,014                                      | 39,371                                      | 19,986                                     | 70,436                                   | 61,090                                      |
| 1.3 Deposits and placements from banking institutions | 6,162                                       | 5,528                                       | 2,280                                      | 13,519                                   | 10,923                                      |
| 1.4 Other interest income                             | -   | -   | -  | -  | -   |
| <b>1.5 Total Interest Income</b>                      | <b>615,250</b>                              | <b>381,790</b>                              | <b>165,017</b>                             | <b>514,413</b>                           | <b>374,732</b>                              |
| <b>2. INTEREST EXPENSES</b>                           |   |   |  |  |   |
| 2.1 Customer deposits                                 | 198,422                                     | 119,531                                     | 53,636                                     | 191,929                                  | 141,373                                     |
| 2.2 Deposits and placements from banking institutions | 44,035                                      | 34,379                                      | 10,881                                     | 21,004                                   | 11,650                                      |
| 2.3 Other interest expense                            | -   | -   | -  | -  | -   |
| <b>2.4 Total Interest Expenses</b>                    | <b>242,457</b>                              | <b>153,910</b>                              | <b>64,517</b>                              | <b>212,933</b>                           | <b>153,023</b>                              |
| <b>3. NET INTEREST INCOME</b>                         | <b>372,793</b>                              | <b>227,880</b>                              | <b>100,500</b>                             | <b>301,480</b>                           | <b>221,709</b>                              |
| <b>4. OTHER OPERATING INCOME</b>                      |   |   |  |  |   |
| 4.1 Fees and commission on loans and advances         | 89,313                                      | 40,310                                      | 14,409                                     | 51,092                                   | 34,048                                      |
| 4.2 Other fees and commission income                  | 11,757                                      | 23,221                                      | 10,379                                     | 46,416                                   | 28,543                                      |
| 4.3 Foreign exchange trading income                   | 48,270                                      | 36,979                                      | 23,106                                     | 74,569                                   | 54,120                                      |
| 4.4 Dividend income                                   | -   | -   | -  | -  | -   |
| 4.5 Other income                                      | (39)  | 161   | 146  | 18,517                                   | 10,190                                      |
| <b>4.6 Total Non-Interest Income</b>                  | <b>149,751</b>                              | <b>100,671</b>                              | <b>48,040</b>                              | <b>190,594</b>                           | <b>126,901</b>                              |
| <b>5. TOTAL OPERATING INCOME</b>                      | <b>522,544</b>                              | <b>328,551</b>                              | <b>148,540</b>                             | <b>492,074</b>                           | <b>348,610</b>                              |
| <b>6. OPERATING EXPENSES</b>                          |   |   |  |  |   |
| 6.1 Bad and doubtful debts charge                     | 37,509                                      | 24,143                                      | 13,970                                     | 36,766                                   | 16,718                                      |
| 6.2 Staff costs                                       | 174,995                                     | 106,930                                     | 47,535                                     | 150,409                                  | 112,922                                     |
| 6.3 Directors' emoluments                             | 1,125                                       | 750   | 375  | 1,465                                    | 378   |
| 6.4 Operating lease rentals                           | 12,183                                      | 8,644                                       | 4,458                                      | 8,542                                    | 2,497                                       |
| 6.5 Depreciation charge on property and equipment     | 25,176                                      | 15,266                                      | 6,927                                      | 12,431                                   | 8,764                                       |
| 6.6 Amortisation charges                              | 752   | 1,188                                       | 550  | 2,461                                    | 1,841                                       |
| 6.7 Other operating expenses                          | 103,902                                     | 62,932                                      | 26,687                                     | 100,493                                  | 59,444                                      |
| <b>6.8 Total operating expenses</b>                   | <b>355,642</b>                              | <b>219,853</b>                              | <b>100,502</b>                             | <b>312,567</b>                           | <b>202,564</b>                              |
| 7. Profit/(loss) before tax                           | 166,902                                     | 108,698                                     | 48,038                                     | 179,507                                  | 146,046                                     |
| 8. Exceptional items                                  | -   | -   | -  | -  | -   |
| <b>9. Profit/(loss) before tax</b>                    | <b>166,902</b>                              | <b>108,698</b>                              | <b>48,038</b>                              | <b>179,507</b>                           | <b>146,046</b>                              |
| 10. Current tax                                       | (50,071)                                    | (32,609)                                    | (14,412)                                   | (54,336)                                 | (43,814)                                    |
| 11. Deferred tax charge                               | -   | -   | -  | 1,051                                    | -   |
| <b>12. Profit/(loss) after tax</b>                    | <b>116,831</b>                              | <b>76,089</b>                               | <b>33,626</b>                              | <b>126,222</b>                           | <b>102,232</b>                              |

### III OTHER DISCLOSURES

|  | 30th Sept 2008<br>Shs. '000'<br>(Unaudited) | 30th June 2008<br>Shs. '000'<br>(Unaudited) | 31st Mar 2008<br>Shs. '000'<br>(Unaudited) | 31st Dec 2007<br>Shs. '000'<br>(Audited) | 30th Sept 2007<br>Shs. '000'<br>(Unaudited) |
|--|---|---|--|--|---|
| <b>1 NON-PERFORMING LOANS AND ADVANCES</b>       |   |   |  |  |   |
| a) Gross Non-Performing Loans and Advances       | 299,833                                     | 268,803                                     | 254,607                                    | 245,118                                  | 177,261                                     |
| Less:  |   |   |  |  |   |
| b) Interest in suspense                          | 69,430                                      | 62,779                                      | 56,241                                     | 49,349                                   | 42,830                                      |
| c) Total Non-Performing Loans and Advances (a-b) | 230,403                                     | 206,024                                     | 198,366                                    | 195,769                                  | 134,431                                     |
| d) Loan loss provisions                          | 91,744                                      | 85,131                                      | 86,226                                     | 86,077                                   | 35,611                                      |
| e) Net Non-Performing Loans (c-d)                | 138,659                                     | 120,893                                     | 112,135                                    | 109,692                                  | 98,820                                      |
| f) Realizable Value of Securities                | 138,659                                     | 120,893                                     | 112,135                                    | 109,692                                  | 98,820                                      |
| g) Net Non-Performing Loans Exposure (e-f)       | -   | -   | -  | -  | -   |
| <b>2 Insider Loans and Advances</b>              |   |   |  |  |   |
| a) Directors, shareholders and associates        | 276,340                                     | 331,107                                     | 272,734                                    | 242,905                                  | 227,480                                     |
| b) Employees                                     | 68,403                                      | 86,712                                      | 74,778                                     | 44,417                                   | 51,012                                      |
| <b>c) Total Insider Loans and Advances</b>       | <b>344,743</b>                              | <b>417,819</b>                              | <b>347,512</b>                             | <b>287,322</b>                           | <b>278,492</b>                              |
| <b>3 Off-Balance Sheet Items</b>                 |   |   |  |  |   |
| a) Letters of credit, guarantees, acceptances    | 1,188,949                                   | 797,582                                     | 581,870                                    | 622,722                                  | 508,450                                     |
| b) Other contingent liabilities                  | 64,996                                      | 240,940                                     | 522,619                                    | 17,558                                   | 129,171                                     |
| <b>c) Total Contingent Liabilities</b>           | <b>1,253,945</b>                            | <b>1,038,522</b>                            | <b>1,104,489</b>                           | <b>640,280</b>                           | <b>637,621</b>                              |
| <b>4) CAPITAL STRENGTH</b>                       |   |   |  |  |   |
| a) Core capital                                  | 691,033                                     | 670,662                                     | 649,430                                    | 665,325                                  | 636,351                                     |
| b) Minimum statutory capital                     | 250,000                                     | 250,000                                     | 250,000                                    | 250,000                                  | 250,000                                     |
| c) Excess/(Deficiency)                           | 441,033                                     | 420,662                                     | 399,430                                    | 415,325                                  | 386,351                                     |
| d) Supplementary capital                         | 23,910                                      | 23,910                                      | 23,910                                     | 23,910                                   | 23,910                                      |
| <b>e) Total capital (a+d)</b>                    | <b>714,943</b>                              | <b>694,572</b>                              | <b>673,340</b>                             | <b>689,235</b>                           | <b>636,588</b>                              |
| <b>f) Total risk weighted assets</b>             | <b>5,827,185</b>                            | <b>5,804,080</b>                            | <b>5,130,909</b>                           | <b>4,223,025</b>                         | <b>3,957,809</b>                            |
| g) Core capital/ total deposit liabilities       | 9%  | 10%   | 13%  | 15%                                      | 14%   |
| h) Minimum Statutory Ratio                       | 8%  | 8%  | 8%   | 8%                                       | 8%  |
| i) Excess/(Deficiency)                           | 1%  | 2%  | 5%   | 7%                                       | 6%  |
| j) Core capital/ total risk weighted assets      | 12%   | 12%   | 13%  | 16%                                      | 16%   |
| k) Minimum Statutory Ratio                       | 8%  | 8%  | 8%   | 8%                                       | 8%  |
| l) Excess/(Deficiency)(j-k)                      | 4%  | 4%  | 5%   | 8%                                       | 8%  |
| m) Total capital/ total risk weighted assets     | 12%   | 12%   | 13%  | 16%                                      | 16%   |
| n) Minimum Statutory Ratio                       | 12%   | 12%   | 12%  | 12%                                      | 12%   |
| o) Excess/(Deficiency)                           | 0%  | 0%  | 1%   | 4%                                       | 4%  |
| <b>5) LIQUIDITY</b>                              |   |   |  |  |   |
| a) Liquidity Ratio                               | 20%   | 20%   | 20%  | 24%                                      | 33%   |
| b) Minimum Statutory Ratio                       | 20%   | 20%   | 20%  | 20%                                      | 20%   |
| c) Excess/(Deficiency)                           | 0%  | 0%  | 0%   | 4%                                       | 13%   |

The above quarterly financial statements and disclosures are extracts of financial records of the Bank and have been approved and signed on behalf of the Board by:

**D.Kabui - Deputy Managing Director**

**Z. Khan - Managing Director**