

AUDITED FINANCIAL STATEMENTS & OTHER DISCLOSURES AS AT 31st DECEMBER 2007

PROFIT & LOSS ACCOUNT

	31-12-07 Shs. 000	31-12-06 Shs. 000
INTEREST INCOME		
1.1 Loans and advances	2,512,419	1,435,666
1.2 Government securities	545,508	103,075
1.3 Deposits and placements with banking institutions	196,711	95,745
1.4 Other	-	-
1.5 Total Interest income	3,254,638	1,634,486
INTEREST EXPENSES		
2.1 Customer deposits	244,580	118,083
2.2 Deposits and placements from banking institutions	2,630	5,959
2.3 Other Interest expense	247,314	2,605
2.4 Total interest Expenses	494,525	126,647
NET INTEREST INCOME	2,760,113	1,507,839
OTHER OPERATING INCOME		
4.1 Fees and commissions income on loans & advances	883,253	366,120
4.2 Other Fees and commissions income	1,948,878	1,430,193
4.3 Foreign exchange trading income	147,376	23,294
4.4 Dividend Income	-	-
4.5 Other income	82,981	43,978
4.6 Total Non-Interest Income	3,062,488	1,863,585
TOTAL OPERATING INCOME	5,822,601	3,371,424
OPERATING EXPENSES		
6.1 Loan Loss Provision	(25,341)	133,134
6.2 Staff costs	1,453,471	942,957
6.3 Directors' emoluments	16,094	15,695
6.4 Rental charges	181,867	102,283
6.5 Depreciation on property and equipment	357,508	242,551
6.6 Ammortisation charges	65,673	37,324
6.7 Other operating expenses	1,409,511	794,606
6.8 Total Operating Expenses	3,458,783	2,268,551
Profit/(loss) before tax and exceptional items	2,363,818	1,102,873
Exceptional items	14,702	-
Profit/(loss) after exceptional items	2,378,520	1,102,873
Current tax	(454,278)	(333,999)
Deferred tax	(33,959)	(15,508)
Profit / (loss) after tax and exceptional items	1,890,283	753,366
Earnings per Share - Basic and diluted	6.88	2.77
Dividends per Share	2.00	2.00

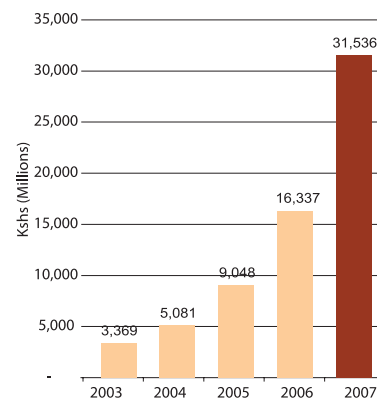
BALANCE SHEET

	31-12-07 Shs. 000	31-12-06 Shs. 000
II BALANCE SHEET		
A. ASSETS		
1. Cash (both Local & foreign)	3,015,005	1,545,393
2. Balances due from central Bank of Kenya	2,138,352	922,669
3. Kenya Government securities	13,542,935	1,650,653
4. Foreign Currency Treasury Bills and Bonds	-	-
5. Deposits and balances due from banking institutions	4,105,148	1,786,425
6. Deposits and balances due from banking institutions abroad	2,786,245	459,152
7. Government and other securities held for dealing purposes	-	-
8. Tax recoverable	-	-
9. Loans and advances to customers (net)	21,836,435	10,929,581
10. Investment securities	-	-
11. Balances due from group companies	-	-
12. Investments in associates	441,830	-
13. Investments in subsidiary companies	-	-
14. Investments in joint ventures	-	-
15. Investment properties	11,269	11,269
16. Property and equipment	2,602,876	1,465,301
17. Prepaid lease rentals	4,153	4,162
18. Intangible assets	224,342	161,153
19. Deferred tax asset	-	-
20. Retirement benefit asset	-	-
21. Other assets	2,420,657	1,088,726
22. TOTAL ASSETS	53,129,246	20,024,484
B. LIABILITIES		
23. Balances due to Central Bank of Kenya	-	-
24. Customer deposits	31,535,515	16,336,729
25. Deposits and balances due to Local banking institutions	-	-
26. Deposits and balances due to Foreign banking institutions	53,321	-
27. Other money market deposits	-	-
28. Borrowed funds	4,521,390	485,450
29. Balances due to group companies	-	-
30. Tax payable	209,036	147,031
31. Dividends payable	-	-
32. Deferred tax liability	44,876	10,917
33. Retirement benefit liability	-	-
34. Other liabilities	1,848,440	843,364
35. TOTAL LIABILITIES	38,212,578	17,823,491
C. SHAREHOLDERS' FUNDS		
36. Paid up/Assigned capital	1,811,050	452,823
37. Share premium/ (discount)	10,543,037	480,362
38. Revaluation reserve	12,216	1,204
39. Retained earnings/ Accumulated losses	1,754,072	1,085,475
40. Statutory Loan Loss reserve	252,906	-
41. Proposed dividends	543,387	181,129
43. TOTAL SHAREHOLDERS' FUNDS	14,916,668	2,200,993
44. TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	53,129,246	20,024,484

OTHER DISCLOSURES

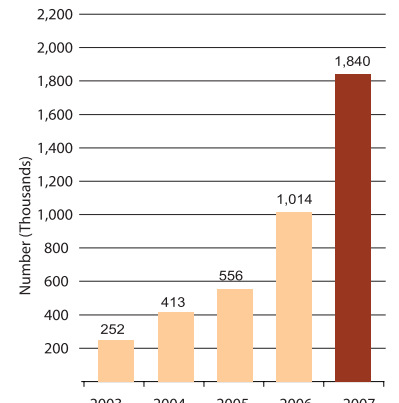
III. Other disclosures		
I) NON PERFORMING LOANS AND ADVANCES		
a) Gross non performing loans and advances	1,197,938	794,817
Less		
b) Interest in suspense	209,134	227,035
c) Total Non-Performing loans and advances (a-b)	988,804	567,782
Less		
d) Loan loss provision	205,758	154,660
e) Net non-performing loans(c-d)	783,046	413,122
f) Discounted value of securities	783,046	413,122
g) Net NPLs Exposure (e-f)	-	-
2) INSIDER LOANS AND ADVANCES		
a) Directors, shareholders and associates	147,967	183,633
b) Employees	444,375	242,618
c) Total insider Loans and Advances and other Facilities	592,342	426,251
3) OFF BALANCE SHEET ITEMS		
a) Letter of Credit, guarantees, acceptances	2,758,326	1,835,577
b) Other contingent Liabilities	8,517	9,741
c) Total contingent Liabilities	2,766,843	1,845,318
4) CAPITAL STRENGTH		
a) Core Capital	13,666,329	2,200,993
b) Minimum statutory capital	250,000	250,000
c) Excess/ (deficiency)	13,416,329	1,950,993
d) Supplementary capital	3,961,096	-
e) Total Capital (a+d)	17,627,424	2,200,993
f) Total Risk Weighted Assets	29,918,983	15,887,216
g) Core Capital/ Total Deposit Liabilities	43%	13%
h) Minimum statutory ratio	8%	8%
i) Excess / (deficiency) (g-h)	35%	5%
j) Core Capital/ Total Risk Weighted Assets	46%	14%
k) Minimum statutory Ratio	8%	8%
l) Excess / (deficiency) (j-k)	38%	6%
m) Total Capital/ Total Risk Weighted assets	59%	14%
n) Minimum statutory Ratio	12%	12%
o) Excess / (deficiency) (m-n)	47%	2%
5) LIQUIDITY		
a) Liquidity Ratio	77%	38%
b) Minimum statutory Ratio	20%	20%
c) Excess / (deficiency) (a-b)	57%	18%

Growth in Customer Deposits



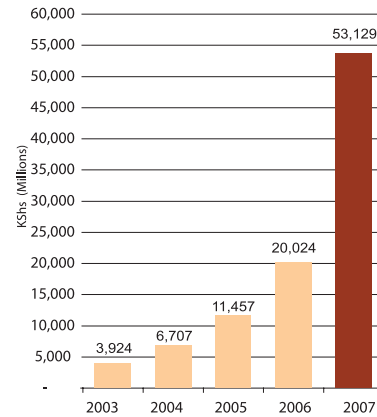
Customer deposits grew by KShs 15 billion representing a growth of 93% to reach KShs 31.54 billion from KShs 16.34 billion in 2006.

Growth in Customer Numbers



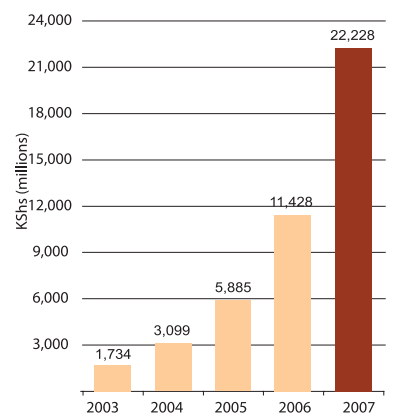
The Bank continued to increase its outreach, managing to acquire an additional 825,858 accounts. This represents growth of 81% compared to 1,014,474 accounts at the beginning of the year.

Growth in Total Assets



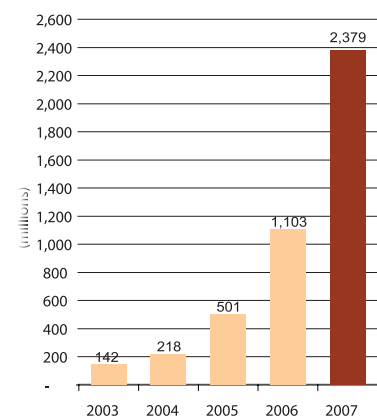
The balance sheet grew by 166% to close at KShs 53.13 billion compared to KShs 20.02 billion as at Dec-06.

Growth in Gross Loan Portfolio



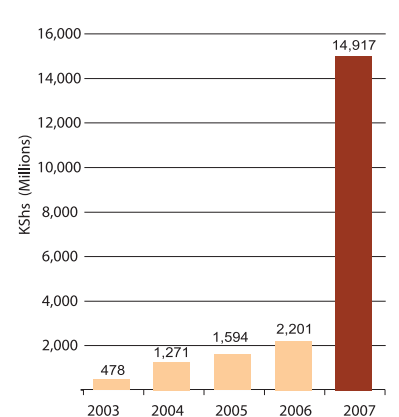
The Gross loan portfolio grew by 95% to close at KShs 22.23 billion up from KShs 11.43 billion in year 2006. Despite the growth, asset quality expressed as a ratio of non performing loans to gross loans improved from 6.95% in 2006 to close at 5.39%.

Growth in Profit Before Tax



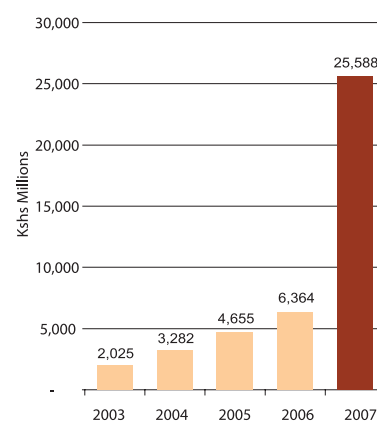
The cumulative 12 months pre-tax profit grew by 116% to close at KShs 2.38 billion up from KShs 1.10 billion reported last year.

Growth in Shareholders Funds



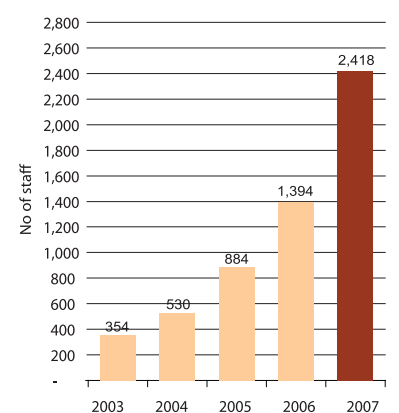
Total shareholders funds closed at KShs 14.92 billion. The Bank's capital strength expressed as a ratio of total capital to total risk weighted assets closed at 59% compared to the statutory minimum of 12%.

Growth in Liquid Assets



The bank's liquidity (cash and cash equivalent) closed the year at a high of KShs 25.6 billion or 77% against statutory minimum of 20%.

Growth in Staff Numbers



To support the enhanced operations the Bank recruited an additional 1,024 staff in various capacities during the year.