



1									
5	Investment properties	-	-	-	-	-	-	-	-
1									
6	Property and equipment	4,260,227	4,565,832	4,661,460	<b>4,874,338</b>	2,856,412	3,056,096	3,145,622	<b>3,231,763</b>
1									
7	Prepaid lease rentals	190,755	187,659	190,519	<b>145,750</b>	149,054	146,933	146,027	<b>145,750</b>
1									
8	Intangible assets	72,269	228,718	288,635	<b>245,021</b>	71,834	228,451	288,452	<b>244,922</b>
1									
9	Deferred tax asset	127,550	533,748	472,453	<b>662,181</b>	66,544	396,079	396,079	<b>521,616</b>
2									
0	Retirement benefit asset	-	-	-	-	-	-	-	-
2									
1	Other assets	5,889,078	8,849,944	7,345,975	<b>9,052,103</b>	5,457,244	8,497,560	6,916,826	<b>8,287,200</b>
2									
2	<b>TOTAL ASSETS</b>	<u>101,535,715</u>	<u>120,479,553</u>	<u>131,592,928</u>	<u><b>171,413,669</b></u>	<u>96,532,488</u>	<u>112,210,660</u>	<u>122,637,835</u>	<u><b>160,230,346</b></u>
<b>B</b>	<b>LIABILITIES</b>								
2									
3	Balances due to Central Bank of Kenya	-	-	-	<b>2,758,206</b>	-	-	-	<b>2,758,206</b>
2									
4	Customer deposits	83,270,612	94,392,361	108,802,689	<b>103,377,697</b>	78,107,580	85,638,139	100,274,130	<b>93,372,154</b>
2	Deposits and balances due to local banking institutions	1,573,353	4,136,024	831,943	<b>9,125,086</b>	2,225,962	5,655,018	2,034,833	<b>9,125,086</b>
2	Deposits and balances due to foreign banking institutions	54,167	1,692,611	2,232,766	<b>34,386,497</b>	54,167	1,392,097	2,088,398	<b>34,370,088</b>
2									
7	Other money market deposits	-	-	-	-	-	-	-	-
2									
8	Borrowed funds	80,082	67,695	56,929	<b>45,932</b>	80,082	67,695	56,929	<b>45,932</b>
2									
9	Balances due to group companies	-	-	-	-	-	-	5,878	-
3									
0	Tax payable	-	855,848	1,290,629	<b>591,040</b>	-	809,744	1,254,334	<b>549,662</b>
3									
1	Dividends payable	-	-	-	-	-	-	-	-
3									
2	Deferred tax liability	-	-	-	<b>137</b>	-	-	-	-
3									
3	Retirement benefit liability	-	-	-	-	-	-	-	-
3									
4	Other liabilities	4,696,492	6,130,354	4,014,734	<b>6,965,272</b>	4,437,485	5,801,575	2,979,408	<b>6,222,851</b>



4		-	-	-	-	-	-	-	-
1.						4,031,31			
5	<b>Total Interest income</b>	<u>4,357,944</u>	<u>9,373,389</u>	<u>3,379,270</u>	<u>6,514,689</u>	<u>8</u>	<u>8,527,122</u>	<u>3,115,235</u>	<u>5,906,034</u>
2	<b>INTEREST EXPENSES</b>								
2.									
1	Customer deposits	328,821	838,302	323,551	<b>784,230</b>	316,850	706,306	288,552	<b>689,414</b>
2.	Deposits and placements from banking institutions	22,757	83,520	44,083	<b>229,464</b>	10,654	83,520	40,705	<b>222,774</b>
2.									
3	Other Interest expenses	-	-	-	-	-	-	-	-
2.									
4	<b>Total interest Expenses</b>	<u>351,578</u>	<u>921,822</u>	<u>367,634</u>	<u>1,013,694</u>	<u>327,504</u>	<u>789,826</u>	<u>329,257</u>	<u>912,188</u>
3	<b>NET INTEREST INCOME</b>	<u>4,006,366</u>	<u>8,451,567</u>	<u>3,011,636</u>	<u>5,500,995</u>	<u>3,703,81</u>	<u>7,737,296</u>	<u>2,785,978</u>	<u>4,993,846</u>
4	<b>OTHER OPERATING INCOME</b>								
4.									
1	Fees and commissions on loans and advances	1,119,368	2,296,674	509,412	<b>1,160,828</b>	1,074,910	2,223,561	492,336	<b>1,059,642</b>
4.									
2	Other fees and commissions	1,088,991	2,227,504	652,361	<b>1,334,571</b>	996,118	1,966,191	549,257	<b>1,125,270</b>
4.									
3	Foreign exchange trading income	318,268	838,890	470,214	<b>696,981</b>	280,073	686,142	394,386	<b>600,178</b>
4.									
4	Dividend income		23,961	-	-		23,961	-	<b>200,000</b>
4.									
5	Other income	<u>189,475</u>	<u>1,005,538</u>	<u>486,413</u>	<u>1,455,712</u>	<u>148,669</u>	<u>856,251</u>	<u>456,368</u>	<u>1,335,982</u>
4.									
6	<b>Total Non-Interest Income</b>	<u>2,716,102</u>	<u>6,392,567</u>	<u>2,118,399</u>	<u>4,648,092</u>	<u>2,499,770</u>	<u>5,756,106</u>	<u>1,892,347</u>	<u>4,321,072</u>
5	<b>TOTAL OPERATING INCOME</b>	<u>6,722,468</u>	<u>14,844,134</u>	<u>5,130,035</u>	<u>10,149,087</u>	<u>6,203,584</u>	<u>13,493,402</u>	<u>4,678,325</u>	<u>9,314,918</u>
6	<b>OTHER OPERATING EXPENSES</b>								
6.									
1	Loan loss provision	549,603	1,213,653	671,238	<b>960,885</b>	560,426	1,132,009	654,183	<b>849,091</b>
6.									
2	Staff costs	2,224,841	5,185,939	1,548,479	<b>3,054,315</b>	2,084,908	4,813,449	1,424,352	<b>2,767,431</b>
6.									
3	Directors' emoluments	51,634	113,769	25,142	<b>57,625</b>	50,383	107,865	24,176	<b>57,468</b>
6.									
4	Rental charges	67,967	204,801	50,116	<b>111,844</b>	38,242	94,559	19,670	<b>50,812</b>
6.									
5	Depreciation on property and equipment	266,356	557,512	174,166	<b>369,590</b>	244,807	495,361	157,275	<b>339,548</b>
6.									
6	Armotisation charges	37,807	61,355	20,231	<b>29,882</b>	37,638	60,377	20,231	<b>29,714</b>

6.						1,266,92			
7	Other operating expenses	<u>1,450,783</u>	<u>3,281,123</u>	<u>994,844</u>	<u>2,063,586</u>	<u>9</u>	<u>2,926,873</u>	<u>896,473</u>	<u>1,826,365</u>
6.									
8	<b>Total Other Operating Expenses</b>	<u>4,648,990</u>	<u>10,618,152</u>	<u>3,484,217</u>	<u>6,647,727</u>	<u>3</u>	<u>9,630,493</u>	<u>3,196,360</u>	<u>5,920,429</u>
	<b>Profit before tax and exceptional items</b>								
7		<u>2,073,478</u>	<u>4,225,982</u>	<u>1,645,817</u>	<u>3,501,360</u>	<u>1</u>	<u>3,862,909</u>	<u>1,481,965</u>	<u>3,394,489</u>
8	Exceptional items	-	-	-	-	-	-	-	-
	<b>Profit after exceptional items</b>								
9		<u>2,073,478</u>	<u>4,225,982</u>	<u>1,645,817</u>	<u>3,501,360</u>	<u>1</u>	<u>3,862,909</u>	<u>1,481,965</u>	<u>3,394,489</u>
1									
0	Current tax	-	(1,018,742)	(487,355)	(1,168,104)	-	(909,793)	(444,590)	(1,082,412)
	Underprovision in previous year	-	(155)	-	-	-	-	-	-
1									
1	Deferred tax	<u>(617,768)</u>	<u>(232,513)</u>	<u>-</u>	<u>125,505</u>	<u>(576,075)</u>	<u>(246,540)</u>	<u>-</u>	<u>125,537</u>
1									
2	<b>Profit after tax and exceptional items</b>	<u>1,455,710</u>	<u>2,974,572</u>	<u>1,158,462</u>	<u>2,458,761</u>	<u>6</u>	<u>2,706,576</u>	<u>1,037,375</u>	<u>2,437,614</u>

**GROUP**

**BANK**

III OTHER DISCLOSURES	GROUP				BANK			
	30-Jun-07 Shs 000 Un- Audited	31-Dec-07 Shs 000 Audited	31-Mar-08 Shs 000 Un- Audited	30-Jun-08 Shs 000 Un- Audited	30-Jun-07 Shs 000 Un- Audited	31-Dec-07 Shs 000 Audited	31-Mar-08 Shs 000 Un- Audited	30-Jun-08 Shs 000 Un- Audited
<b>NON-PERFORMING LOANS AND ADVANCES</b>								
1 <b>Gross non-performing loans and advances</b>	11,309,469	10,141,848	9,009,406	<b>7,768,091</b>	10,734,164	9,519,435	8,366,797	<b>6,982,118</b>
Less:								
b) Interest in suspense	2,284,548	2,086,629	1,666,055	<b>1,553,568</b>	2,153,911	1,952,597	1,531,705	<b>1,471,135</b>
c) <b>Total Non-Performing Loans and Advances (a-b)</b>	9,024,921	8,055,219	7,343,351	<b>6,214,524</b>	8,580,253	7,566,838	6,835,092	<b>5,510,983</b>
Less:								
d) Loan loss provision	5,646,659	5,814,284	5,698,221	<b>4,493,441</b>	5,374,526	5,536,118	5,404,380	<b>4,254,309</b>

e)	Net Non-Performing Loans and Advances (c-d)	<u>3,378,262</u>	<u>2,240,935</u>	<u>1,645,130</u>	<u>1,721,083</u>	3,205,728	2,030,720	1,430,712	<u>1,256,673</u>
f)	Discounted Value of Securities	<u>3,378,262</u>	<u>2,240,935</u>	<u>1,645,130</u>	<u>1,721,083</u>	3,205,728	2,030,720	1,430,712	<u>1,256,673</u>
g)	<b>Net NPLs Exposure (e-f)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>2 Insider Loans and Advances</b>									
a)	Directors, shareholders and associates	406,765	2,469,693	2,357,485	<b>1,955,466</b>	402,136	2,469,693	2,352,860	<b>1,951,277</b>
b)	Employees	<u>2,470,755</u>	<u>2,602,452</u>	<u>2,679,916</u>	<u>2,973,432</u>	2,382,422	2,491,029	2,542,273	<u>2,798,844</u>
c)	<b>Total Insider Loans Advances and other Facilities</b>	<u>2,877,520</u>	<u>5,072,145</u>	<u>5,037,401</u>	<u>4,928,898</u>	2,784,558	4,960,722	4,895,133	<u>4,750,121</u>
<b>3 Off-Balance Sheet Items</b>									
a)	Letters of credit, guarantees, acceptances	14,782,471	25,719,367	23,990,433	<b>24,163,434</b>	14,623,419	25,016,222	23,329,052	<b>23,772,075</b>
b)	Other contingent liabilities	<u>6,495,210</u>	<u>7,342,198</u>	<u>11,273,938</u>	<u>15,557,348</u>	6,459,095	7,306,083	11,273,938	<u>15,010,778</u>
c)	<b>Total contingent liabilities</b>	<u>21,277,681</u>	<u>33,061,565</u>	<u>35,264,371</u>	<u>39,720,782</u>	21,082,514	32,322,305	34,602,990	<u>38,782,853</u>
<b>4 Capital Strength</b>									
a)	Core capital					8,310,182	10,045,714	10,624,685	<b>9,590,625</b>
b)	Minimum Statutory Capital					250,000	250,000	250,000	<b>250,000</b>
c)	Excess/(Deficiency)					8,060,182	9,795,714	10,374,685	<b>9,340,625</b>
d)	Supplementary capital					-	-	-	<b>-</b>
e)	Total capital					8,310,182	10,045,714	10,624,685	<b>9,590,625</b>
f)	Total risk weighted assets					64,012,600	73,813,317	78,138,175	<b>77,486,595</b>

<b>g)</b>	Core capital/total deposit liabilities	10.5%	11.7%	10.4%	<b>10.1%</b>
<b>h)</b>	Minimum Statutory Ratio	8.0%	8.0%	8.0%	<b>8.0%</b>
<b>i)</b>	Excess/(Defficiency)	2.5%	3.7%	2.4%	<b>2.1%</b>
<b>j)</b>	Core capital/total risk weighted assets	13.0%	13.6%	13.6%	<b>12.4%</b>
<b>k)</b>	Minimum Statutory Ratio	8.0%	8.0%	8.0%	<b>8.0%</b>
<b>l)</b>	Excess/(Defficiency)(j-k)	5.0%	5.6%	5.6%	<b>4.4%</b>
<b>m</b>					
<b>)</b>	Total capital/total risk weighted assets	13.0%	13.6%	13.6%	<b>12.4%</b>
<b>n)</b>	Minimum Statutory Ratio	12.0%	12.0%	12.0%	<b>12.0%</b>
<b>m</b>					
<b>)</b>	Excess/(Defficiency)(m-n)	1.0%	1.6%	1.6%	<b>0.4%</b>
<b>5</b>	<b>Liquidity</b>				
<b>a)</b>	Liquidity Ratio	38.8%	33.3%	36.5%	<b>32.9%</b>
<b>b)</b>	Minimum Statutory Ratio	20.0%	20.0%	20.0%	<b>20.0%</b>
<b>c)</b>	Excess/(Defficiency)(a-b)	18.8%	13.3%	16.5%	<b>12.9%</b>

#### **INTERIM DIVIDEND**

The directors do not recommend payment of interim dividend.