

# NATIONAL BANK OF KENYA LIMITED

## CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 30 JUNE 2008

	30 June 2008 Sh'000	31 December 2007 Sh'000
<b>NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES</b>	<b>2,031,898</b>	<b>1,791,102</b>
Tax paid	(311,416)	-
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(227,589)	(146,703)
Purchase of intangible assets	(3,910)	(16,232)
Proceeds from disposal of equipment	14,551	9,934
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(216,948)</b>	<b>(153,001)</b>
<b>FINANCING ACTIVITIES</b>		
Dividends paid	(532)	(125)
Loans repaid	(20,690)	(58,188)
Loans received	-	-
<b>NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES</b>	<b>(21,222)</b>	<b>(58,313)</b>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,482,312</b>	<b>1,579,788</b>
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<b>7,130,516</b>	<b>5,550,728</b>
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>8,612,828</b>	<b>7,130,516</b>

**NATIONAL BANK OF KENYA LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 30 JUNE 2008**

	Share capital Sh'000	Share premium Sh'000	Revaluation surplus Sh'000	Revenue reserves (deficit) Sh'000	Statutory Reserve Sh'000	Total Sh'000
At 1 January 2007	6,675,000	370,585	480,335	(4,289,352)	611,271	3,847,839
Transfer of excess depreciation	-	-	(15,409)	15,409	-	-
Deferred tax adjustment on transfer of excess depreciation	-	-	4,623	(4,623)	-	-
Transfer to statutory reserve	-	-	-	555,749	(555,749)	-
Profit for the year	-	-	-	1,119,396	-	1,119,396
<b>At 31 December 2007</b>	<b>6,675,000</b>	<b>370,585</b>	<b>469,549</b>	<b>(2,603,421)</b>	<b>55,522</b>	<b>4,967,235</b>
At 1 January 2008	6,675,000	370,585	469,549	(2,603,421)	55,522	4,967,235
Profit for the half year to 30 June 2008	-	-	-	595,506	-	595,506
<b>At 30 June 2008</b>	<b>6,675,000</b>	<b>370,585</b>	<b>469,549</b>	<b>(2,007,915)</b>	<b>55,522</b>	<b>5,562,741</b>

# National Bank of Kenya Limited

The Board of Directors of National Bank of Kenya Limited hereby announce the un-audited results of the Bank for the half-year ended 30 June 2008

PROFIT AND LOSS ACCOUNT for the half-year ended 30 June 2008		30-Jun-08 Shs'000 Un-audited	31-Mar-08 Shs'000 Un-audited	31-Dec-07 Shs'000 Audited	30-Jun-07 Shs'000 Un-audited	BALANCE SHEET as at 30 June 2008		30-Jun-08 Shs'000 Un-audited	31-Mar-08 Shs'000 Un-audited	31-Dec-07 Shs'000 Audited	30-Jun-07 Shs'000 Un-audited
<b>Interest Income</b>						<b>A Assets</b>					
1 Loans and advances	506,862	230,882	1,912,745	1,476,343	1 Cash (both local and foreign)	887,494	974,559	1,277,249	791,944		
2 Government securities	1,355,577	687,573	1,684,187	325,801	2 Balances due from Central Bank Of Kenya	2,738,100	4,517,487	2,423,573	2,959,138		
3 Deposits and placements with banking institutions	79,006	38,214	95,467	74,460	3 Kenya Government securities	23,460,964	25,736,924	22,276,618	23,564,903		
4 Other Interest Income	-	-	-	-	4 Foreign Currency Treasury bills and bonds	-	-	-	-		
5 Total Interest Income	1,941,465	956,669	3,692,399	1,876,624	5 Deposits and balances due from local banking institutions	4,623,854	1,972,288	2,708,873	2,217,521		
<b>Interest Expense</b>						6 Deposits and balances due from banking institutions abroad	944,207	1,207,865	1,153,527	1,399,624	
1 Customer deposits	392,342	207,373	752,047	358,215	7 Government and other securities held for dealing purposes	-	-	-	-		
2 Deposits and placements from banking institutions	15,875	6,259	22,432	17,032	8 Tax recoverable	-	-	-	7,562		
3 Other	-	-	-	-	9 Loans and advances to customers (net)	7,405,984	6,867,604	7,843,915	7,344,264		
4 Total Interest Expenses	408,217	213,632	774,479	375,247	10 Investment securities	24,345	9,116	9,116	9,116		
<b>Net Interest Income</b>	1,533,248	743,037	2,917,920	1,451,377	11 Balances due from group companies	-	-	-	-		
<b>Non-Interest Income</b>						12 Investment in associates	-	-	-	-	
1 Fees and commissions on loans and advances	45,854	20,017	60,563	25,355	13 Investment in subsidiary companies	19,963	19,963	19,963	19,963		
2 Other fees and commissions	573,044	277,064	1,052,010	534,146	14 Investment in joint ventures	-	-	-	-		
3 Foreign exchange trading income (loss)	101,509	42,919	135,388	76,770	15 Investment in properties	-	-	-	-		
4 Dividend Income	-	-	-	-	16 Property and equipment	1,245,064	1,193,254	1,098,072	1,081,037		
5 Other Income	269,325	74,345	515,239	89,088	17 Prepaid lease rentals	12,130	12,170	12,207	12,447		
6 Total Non-Interest Income	989,732	414,345	1,763,202	725,359	18 Intangible assets	28,936	33,876	38,036	35,456		
<b>Total Operating Income</b>	2,522,980	1,157,382	4,681,122	2,176,736	19 Deferred tax asset	-	-	-	61,003		
<b>Other Operating Expenses</b>						20 Retirement benefit asset	-	-	-	-	
1 Loan loss provision	240,433	100,000	594,806	350,000	21 Other assets	1,978,345	1,143,811	2,553,132	2,658,088		
2 Staff costs	864,343	431,484	1,495,494	731,833	22 Total Assets	43,360,494	43,688,917	41,414,272	42,142,066		
3 Directors' emoluments	16,810	7,234	44,540	15,536	<b>B Liabilities</b>						
4 Rental charges	26,055	15,586	46,331	23,760	23 Balances due to Central Bank of Kenya	-	-	-	-		
5 Depreciation charge on property and equipment	82,065	28,533	113,983	70,053	24 Customer deposits	34,020,717	35,766,304	34,721,680	32,693,406		
6 Amortisation charges	13,010	6,505	26,168	20,621	25 Deposits and balances due to local banking institutions	34,541	99,298	79,492	1,412,412		
7 Other operating expenses	377,907	164,975	749,716	347,744	26 Deposits and balances due to foreign banking institutions	-	-	-	-		
8 Total Operating Expenses	1,620,623	754,317	3,071,038	1,559,567	27 Other money market deposits	-	-	-	-		
<b>Profit before tax and exceptional items</b>	902,357	403,065	1,610,084	617,169	28 Borrowed funds	45,737	56,225	66,427	93,402		
<b>Exceptional Items</b>	-	-	-	-	29 Balances due to group companies	21,976	21,976	21,976	21,976		
<b>Profit after exceptional items</b>	902,357	403,065	1,610,084	617,169	30 Tax payable	119,147	255,143	116,150	116,150		
<b>Current tax</b>	(306,851)	(136,993)	(123,712)	(185,151)	31 Dividends payable	109,032	109,051	109,564	113,701		
<b>Deferred tax</b>	-	-	(366,976)	(185,151)	32 Deferred tax liability	120,823	120,823	120,823	120,823		
<b>Profit after tax and exceptional items</b>	595,506	266,072	1,119,396	432,018	33 Retirement benefit liability	-	-	-	-		
<b>Earnings per share - basic &amp; diluted</b>	Shs 2.13	Shs 0.89	Shs 3.89	Shs 1.31	34 Other liabilities	3,325,780	2,026,798	1,210,925	3,525,114		
<b>OTHER DISCLOSURES</b>						35 Total Liabilities	37,797,753	38,457,610	36,447,037	37,862,213	
<b>Non-performing loans and advances</b>						<b>C Shareholders' Funds</b>					
a Gross non-performing loans and advances	2,558,749	5,407,791	5,466,614	5,492,795	36 Paid Up/Assigned Capital	6,675,000	6,675,000	6,675,000	6,675,000		
Less:					37 Share Premium/(discount)	370,585	370,585	370,585	370,585		
Interest In suspense	709,178	1,750,566	1,745,851	1,815,340	38 Revaluation reserve	469,549	469,549	469,549	480,335		
Total Non-performing loans and advances (a-b)	1,849,571	3,657,225	3,720,763	3,677,455	39 Retained Earnings/(Accumulated losses)	(2,007,915)	(2,339,349)	(2,603,421)	(3,246,065)		
Less:					40 Statutory Loan Loss Reserve	55,522	55,522	55,522	55,522		
Loan loss Provisions	1,323,542	2,896,192	2,796,192	2,498,730	41 Proposed Dividends	-	-	-	-		
Net NPLs exposure (c-d)	526,029	761,033	924,571	1,178,725	42 Capital grants	-	-	-	-		
Discounted Value of Securities	526,029	761,033	924,571	1,178,725	43 Total Shareholders' Funds	9,562,741	5,231,307	4,967,235	4,279,855		
Net NPLs exposure (e-f)	-	-	-	-	44 Total Liabilities & Shareholders' Funds	43,360,494	43,688,917	41,414,272	42,142,066		
<b>Insider loans and Advances</b>						<b>CONSOLIDATION</b>					
Shareholders and associates	-	-	1,062,500	1,062,500	Consolidated financial statements have not been prepared as the subsidiary companies are dormant and the amounts involved are not material.						
Directors	2,905	1,965	2,270	3,031	The directors do not recommend the payment of a dividend.						
Employees	1,510,976	1,306,646	1,278,476	1,229,282	The un-audited financial statements are extracts of the financial statements and records of the Bank were approved by the Board of Directors on 30 July 2008.						
Total insider loans, advances and other facilities	1,513,881	1,308,612	2,343,246	2,294,813	<b>BOARD OF DIRECTORS</b>						
<b>Off-Balance sheet items</b>						M.E.G.Muhindi	National Social Security Fund				
Letters of credit, guarantees and acceptances	2,544,518	2,267,092	2,362,610	1,738,130	A.C.Juma	Dr J.N.Riria					
Other contingent liabilities	226,049	226,049	226,049	293,971	R.M.Marambil	F.L.Atwoli					
Total contingent liabilities	2,770,567	2,493,141	2,588,659	1,767,301	P.S.Treasury	P.W.D.Ngumi					
<b>Capital Strength</b>						L.M.Mworia	L.G.Kamwetli - Company Secretary				
Core capital	4,739,917	4,574,200	4,442,164	3,583,512	<b>REGISTERED OFFICE</b>						
Minimum Statutory Capital	250,000	250,000	250,000	250,000	National Bank Building, Harambee Avenue,						
Excess/(Deficiency) (a-b)	4,489,917	4,324,200	4,192,164	3,333,512	P.O. BOX 72866, 00200 Nairobi.						
Supplementary capital	172,909	172,909	172,909	120,084	Telephone 2828000, 2226471 Fax 311444, 2223044.						
Total capital (a+b)	4,912,826	4,747,109	4,615,073	3,703,596							
Total risk weighted assets	13,032,630	10,768,105	11,934,516	10,755,622							
Core capital/total deposit liabilities	14%	13%	13%	11%							
Minimum Statutory Ratio	8%	8%	8%	8%							
Excess/(Deficiency) (g-h)	6%	5%	5%	3%							
Core capital/total risk weighted assets	36%	43%	37%	34%							
Minimum Statutory Ratio	8%	8%	8%	8%							
Excess/(Deficiency) (j-k)	28%	35%	29%	26%							
Total capital/total risk weighted assets	38%	44%	39%	35%							
Minimum Statutory Ratio	12%	12%	12%	12%							
Excess/(Deficiency) (m-n)	26%	32%	27%	23%							
Liquidity											
Liquidity Ratio	34%	33%	29%	27%							
Minimum Statutory Ratio	20%	20%	20%	20%							
Excess/(Deficiency) (a-b)	14%	13%	9%	9%							

**National Bank**  
THE BANK WHERE YOU BELONG