

BALANCE SHEET				
		AUDITED DECEMBER 2006 (KSHS'000)	AUDITED DECEMBER 2007 (KSHS'000)	
A	ASSETS Cash (both local and foreign)	204,693	146,078	
2	Balances due from Central Bank of Kenya	1,145,780	1,553,161	
3	Kenya Government securities	3,898,221	5,084,172	
4 5	Foreign Currency Treasury bills and Bonds	240.007	-	
6	Deposits and Balances due from Local banking Institutions Deposits and Balances due from banking Institutions abroad	312,267 565,792	121,910 684,767	
7	Government and other securities held for dealing purposes	10/1-1	-	
8	Tax recoverable		-	
9	Loans and advances to customers (net)	14,702,497	19,214,789	
10	Investment Securities Balances due from group companies		211,134	
12	Investment in associates		-	
13	Investment in subsidiary companies		-	
14	Investment in joint ventures	-	-	
15	Investment properties Property and equipment	1,005,906	1,091,662	
17	Prepaid lease rentals	110,696	109,388	
18	Intangible assets	10,747	19,433	
19	Deferred tax asset	72,918	110,619	
20	Retirement benefit asset Other assets	318,728	1,072,986	
22	TOTAL ASSETS	22,348,245	29,420,098	
В	LIABILITIES			
23	Balances due to Central Bank of Kenya	10 220 102	- 02 625 970	
25	Customer deposits Deposits and balances due to local banking institutions	18,220,103 143,436	23,625,870 107,371	
26	Deposits and balances due to foreign banking institutions	37,745	138,770	
27	Other money market deposits	320,172	632,999	
28	Borrowed funds	364,611	238,713	
29 30	Balances due to Group Companies Tax payable	116,595	- 115,147	
31	Dividends Payable	-	-	
32	Deferred tax liability		-	
33	Retirement benefit liability Other Liabilities	350,435	604.275	
34 35	TOTAL LIABILITIES	19,553,097	694,275 25,553,145	
30		.5,000,001	25,550,145	
С	SHAREHOLDERS' EQUITY			
36 37	Paid up/ Assigned share capital Share premium/ (discount)	1,740,000	2,174,000	
38	Revaluation reserves		104,954	
39	Retained earnings/(Accumulated losses)	697,130	1,486,159	
40	Statutory Loan Loss Reserves	8,018	8,321	
41 42	Proposed dividends Capital Grants	350,000	93,520	
42	TOTAL SHAREHOLDERS' EQUITY	2,795,148	3,866,953	
44	TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	22,348,245	29,420,098	
	OTHER DISCLOSURES	;		

DECEMBER DECEMBER 2006 2007 2006 2007 2006 2007 (KSHS'000) (KSH		INCOME STATEM	ENT	
1.1 Loans and advances			DECEMBER 2006	AUDITED DECEMBER 2007 (KSHS'000)
1.2 Government securities	1	INTEREST INCOME		
1.3 Deposits and placements with banking institutions		1.1 Loans and advances	1,722,410	2,208,574
1.4 Other interest income		1.2 Government securities	312,257	464,583
1.5 Total interest income			71,242	74,478
NITEREST EXPENSE 2.1 Customer deposits 2.2 Deposits and placements from banking institutions 16,157 23,164 23,863 2.3 Other interest expenses 31,514 23,863 2.4 Total interest expenses 8864,136 1,057,178 3		1.4 Other interest income	•	18,234
2.1 Customer deposits 2.2 Deposits and placements from banking institutions 2.3 Other interest expenses 3.15.14 2.3 Signature (LOSS) 3. NET INTEREST INCOME/ (LOSS) 3. NET INTEREST INCOME/ (LOSS) 4. NON - OPERATING INCOME 4.1 Fees and commissions on loans and advances 4.2 Other fees and commissions 5. 234,357 275,915 4.3 Foreign exchange trading income (Loss) 5. Cother income 5. Cother income 6. Cother income 7. Cother income 7. Cother income 7. Cother income 7. Cother income 8. Cother income 8. Cother income 8. Cother income 8. Cother income 9. Cother income income 9. Cother in	1	1.5 Total interest income	2,105,909	2,765,869
2.1 Customer deposits 2.2 Deposits and placements from banking institutions 2.3 Other interest expenses 3.15.14 2.3 Signature (LOSS) 3. NET INTEREST INCOME/ (LOSS) 3. NET INTEREST INCOME/ (LOSS) 4. NON - OPERATING INCOME 4.1 Fees and commissions on loans and advances 4.2 Other fees and commissions 5. 234,357 275,915 4.3 Foreign exchange trading income (Loss) 5. Cother income 5. Cother income 6. Cother income 7. Cother income 7. Cother income 7. Cother income 7. Cother income 8. Cother income 8. Cother income 8. Cother income 8. Cother income 9. Cother income income 9. Cother in	2	INTEREST EXPENSE		
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2.4 Total interest expense 864,136 1,057,178 3 NET INTEREST INCOME/ (LOSS) 1,241,773 1,708,691 4 NON - OPERATING INCOME 98,761 143,880 4.1 Fees and commissions on loans and advances 98,761 143,880 4.2 Other fees and commissions 224,357 275,915 4.3 Foreign exchange trading income (Loss) 93,557 138,006 4.4 Dividend income - - 4.5 Other income 66,266 90,502 4.6 Total non-interest income 482,941 648,303 5 TOTAL OPERATING EXPENSES 1,724,714 2,356,994 6 OTHER OPERATING EXPENSES 77,133 125,547 6.1 Loan loss provisions 77,133 125,547 6.2 Staff costs 344,767 453,581 6.3 Directors' emoluments 8,750 12,380 6.4 Rentals charges 35,164 37,322 6.5 Depreciation charge on property and equipment 69,405 88,827 6.6 Amortisation charges 1,309 - 6.7 Other operating expenses 788,308 1,062,830 7 PROFIT / (LOSS) BEFORE TAX AND EXCEPTIONAL ITEMS 936,406	1			
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4.2 Other fees and commissions 4.3 Foreign exchange trading income (Loss) 4.4 Dividend income 4.5 Other income 56,266 90,502 4.6 Total non-interest income 4.5 OTHER OPERATING INCOME 1,724,714 2,356,994 6 OTHER OPERATING EXPENSES 6.1 Loan loss provisions 6.2 Staff costs 6.3 Directors' emoluments 6.4 Rentals charges 6.5 Depreciation charge on property and equipment 6.6 Amortisation charges 6.7 Other operating expenses 77,133 125,547 6.8 Total other Operating Expenses 788,308 7 PROFIT / (LOSS) BEFORE TAX AND EXCEPTIONAL ITEMS 9 PROFIT / (LOSS) BEFORE TAX AND AFTER EXCEPTIONAL ITEMS 10 CURRENT TAX 10 CURRENT TAX 11 DEFERRED TAX 15,942 37,701	4	NON - OPERATING INCOME		
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4.4 Dividend income 4.5 Other income 56,266 90,502 4.6 Total non-interest income 482,941 648,303 5 TOTAL OPERATING INCOME 1,724,714 2,356,994 6 OTHER OPERATING EXPENSES 6.1 Loan loss provisions 77,133 125,547 6.2 Staff costs 344,767 453,581 6.3 Directors' emoluments 8,750 12,380 6.4 Rentals charges 6.5 Depreciation charge on property and equipment 69,405 88,827 6.6 Amortisation charges 1,309 6.7 Other operating expenses 251,780 345,174 6.8 Total other Operating Expenses 788,308 1,062,830 7 PROFIT / (LOSS) BEFORE TAX AND EXCEPTIONAL ITEMS 9 PROFIT / (LOSS) BEFORE TAX AND AFTER EXCEPTIONAL ITEMS 9 PROFIT / (LOSS) BEFORE TAX AND AFTER EXCEPTIONAL ITEMS 9 G. Other Operating Expenses 10 G. Other Operating Expenses 11 G. Other Operating Expenses 12 G. Other Operating Expenses 13 G. Other Operating Expenses 14 G. Other Operating Expenses 15 G. Other Operating Expenses 16 G. Other Operating Expenses 17 G. Other Operating Expenses 18 G. Other Operating Expenses 19 G. Other Operating Expenses 10 G. Other Operating Expenses 10 G. Other Operating Expenses 11 G. Other Operating Expenses 12 G. Other Operating Expenses 13 G. Other Operating Expenses 14 G. Other Operating Expenses 15 G. Other Operating Expenses 16 G. Other Operating Expenses 17 G. Other Operating Expenses 18 G. Other Operating Expenses 19 G. Other Operating Expenses 19 G. Other Operating Expenses 19 G. Other Operating Expenses 10 G. Other Operating Expenses 11 G. Other Operating Expenses 12 G. Other Operating Expenses 13 G. Other Operating Expenses 14 G. Other Operating Expenses 15 G. Other Operating Expenses 16 G. Other Operating Expenses 17 G. Other Operating Expenses 18 G. Other Operating Expenses 19 G. Other Operating Exp		4.2 Other fees and commissions	234,357	275,915
4.6 Other income 4.6 Total non-interest income 4.6 Total non-interest income 482,941 648,303 5 TOTAL OPERATING INCOME 1,724,714 2,356,994 6 OTHER OPERATING EXPENSES 6.1 Loan loss provisions 77,133 125,547 6.2 Staff costs 344,767 453,581 6.3 Directors' emoluments 8,750 12,380 6.4 Rentals charges 35,164 37,322 6.5 Depreciation charge on property and equipment 69,405 8,827 6.6 Amortisation charges 1,309 6.7 Other operating expenses 788,308 7 PROFIT / (LOSS) BEFORE TAX AND EXCEPTIONAL ITEMS 9 PROFIT / (LOSS) BEFORE TAX AND AFTER EXCEPTIONAL ITEMS 9 PROFIT / (LOSS) BEFORE TAX AND AFTER EXCEPTIONAL ITEMS 10 CURRENT TAX 10 CURRENT TAX 10 CURRENT TAX 11 DEFERRED TAX 15,942 37,701	-	4.3 Foreign exchange trading income (Loss)	93,557	138,006
4.6 Total non-interest income 482,941 648,303 5 TOTAL OPERATING INCOME 1,724,714 2,356,994 6 OTHER OPERATING EXPENSES 6.1 Loan loss provisions 6.2 Staff costs 6.3 Directors' emoluments 6.4 Rentals charges 6.5 Depreciation charge on property and equipment 6.6 Amortisation charges 6.7 Other operating expenses 788,308 7 PROFIT / (LOSS) BEFORE TAX AND EXCEPTIONAL ITEMS 9 PROFIT / (LOSS) BEFORE TAX AND AFTER EXCEPTIONAL ITEMS 10 CURRENT TAX 10 CURRENT TAX 11 DEFERRED TAX 15,942 37,701		4.4 Dividend income		-
5 TOTAL OPERATING INCOME 1,724,714 2,356,994 6 OTHER OPERATING EXPENSES 77,133 125,547 6.1 Loan loss provisions 77,133 125,547 6.2 Staff costs 344,767 453,581 6.3 Directors' emoluments 8,750 12,380 6.4 Rentals charges 35,164 37,322 6.5 Depreciation charge on property and equipment 69,405 88,827 6.6 Amortisation charges 1,309 - 6.7 Other operating expenses 251,780 345,174 6.8 Total other Operating Expenses 788,308 1,062,830 7 PROFIT / (LOSS) BEFORE TAX AND EXCEPTIONAL ITEMS 936,406 1,294,164 8 EXCEPTIONAL ITEMS - - 9 PROFIT / (LOSS) BEFORE TAX AND AFTER EXCEPTIONAL ITEMS 936,406 1,294,164 10 CURRENT TAX (303,450) (449,013) 11 DEFERRED TAX 15,942 37,701		4.5 Other income	56,266	90,502
6 OTHER OPERATING EXPENSES 6.1 Loan loss provisions 6.2 Staff costs 6.3 Directors' emoluments 6.4 Rentals charges 6.5 Depreciation charge on property and equipment 6.6 Amortisation charges 6.7 Other operating expenses 778,308 788,308 7 PROFIT / (LOSS) BEFORE TAX AND EXCEPTIONAL ITEMS 9 PROFIT / (LOSS) BEFORE TAX AND AFTER EXCEPTIONAL ITEMS 10 CURRENT TAX 10 CURRENT TAX 11 DEFERRED TAX 15,942 17,133 125,547 177,133 125,547 1453,581 177,133 125,547 1453,581 177,133 125,547 1453,581 177,133 125,547 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,581 1453,5		4.6 Total non-interest income	482,941	648,303
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6.1 Loan loss provisions 6.2 Staff costs 6.2 Staff costs 6.3 Directors' emoluments 6.4 Rentals charges 6.5 Depreciation charge on property and equipment 6.6 Amortisation charges 6.7 Other operating expenses 788,308 7 PROFIT / (LOSS) BEFORE TAX AND EXCEPTIONAL ITEMS 9 PROFIT / (LOSS) BEFORE TAX AND AFTER EXCEPTIONAL ITEMS 10 CURRENT TAX 10 CURRENT TAX 11 DEFERRED TAX 11 DEFERRED TAX 11 DEFERRED TAX 11 11 Septiments 125,547 133 125,547 1453,581 145,581 145,381 145,381 15,942 17,133 125,547 145,381 125,547 145,381 125,547 145,381 125,547 145,381 125,547 145,381 125,547 145,381 125,547 145,381 125,547 145,381 125,547 145,381 125,547 145,381 125,547 145,381 125,547 145,381 125,547 145,381 125,547 145,381 125,547 145,381 125,547 145,381 125,547 145,381 125,547 145,381 125,547 145,381 125,547 145,381 125,547 145,381 125,547 145,381 125,547 145,381 125,547 145,381 125,547 145,381 125,547 145,381 125,547 145,381 125,547 145,381 125,547 145,381 125,547 145,381 125,547 145,381 125,547 123,381 125,547 123,381 125,547 123,381 125,547 123,381 125,547 123,381 125,547 123,381 125,547 123,381 125,547 123,381 125,547 123,381 125,547 123,381 125,547 123,381 125,547 123,381 125,547 123,381 125,547 123,381 125,547 123,381 125,547 123,381 125,547 123,381 125,547 123,381 125,547 123,381 125,547 123,381 125,547 123,381 125,547 123,381 125,547 123,381 125,547 123,381 125,547 123,381 125,547 123,381 125,547 123,381 125,547 123,381 125,547 123,381 125,547 123,381 125,547 123,381 125,547 123,381 125,547 123,381 125,547 123,381 125,547 123,881 125,547 123,881 125,547 123,881 125,547 123,881 125,547 123,881 125,547 123,881 125,547 123,881 125,547 123,881 125,547 123,881 125,547 123,881 125,547 123,881 125,547 123,881 125,547 123,881 125,547 123,881 125,547 123,881 125,547 123,881 125,547 123,881 125,547 123,881 125,587 123,881 125,587 123,881 125,587 123,881 125,587 123,881 125,587 123,881 125,587 123,881 125,587 123,881 125,587 123,881 125,587 123,881 125,587 123,881 125,587 123,881 125,587 123,881 125,587 123,881 125,587 123,881 125,587 1		CTUED CONTRACTOR CONTRACTOR		
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6.6 Amortisation charges 6.7 Other operating expenses 1,309 251,780 345,174 6.8 Total other Operating Expenses 788,308 1,062,830 7 PROFIT / (LOSS) BEFORE TAX AND EXCEPTIONAL ITEMS 936,406 1,294,164 8 EXCEPTIONAL ITEMS				
6.7 Other operating expenses 251,780 345,174 6.8 Total other Operating Expenses 788,308 1,062,830 7 PROFIT / (LOSS) BEFORE TAX AND EXCEPTIONAL ITEMS 936,406 1,294,164 8 EXCEPTIONAL ITEMS			· ·	-
7 PROFIT / (LOSS) BEFORE TAX AND EXCEPTIONAL ITEMS 936,406 1,294,164 8 EXCEPTIONAL ITEMS				345,174
8 EXCEPTIONAL ITEMS	-	6.8 Total other Operating Expenses	788,308	1,062,830
8 EXCEPTIONAL ITEMS	7	PROFIT / (LOSS) BEFORE TAX AND EXCEPTIONAL ITEMS	936,406	1,294,164
9 PROFIT / (LOSS) BEFORE TAX AND AFTER EXCEPTIONAL ITEMS 936,406 1,294,164 10 CURRENT TAX (303,450) (449,013) 11 DEFERRED TAX 15,942 37,701				
10 CURRENT TAX (303,450) (449,013) 11 DEFERRED TAX 15,942 37,701	8	EXCEPTIONAL ITEMS	-	-
11 DEFERRED TAX 15,942 37,701	9	PROFIT / (LOSS) BEFORE TAX AND AFTER EXCEPTIONAL ITEMS	936,406	1,294,164
11 DEFERRED TAX 15,942 37,701	10	CURRENT TAX	(303.450)	(449.013)
12 PROFIT/ (LOSS) AFTER TAX AND EXCEPTIONAL ITEMS 648,898 882,852				37,701
	12	PROFIT/ (LOSS) AFTER TAX AND EXCEPTIONAL ITEMS	648,898	882,852

MESSAGE FROM THE DIRECTORS

OTHER DISCLOSURES			
		AUDITED DECEMBER 2006	AUDITED DECEMBER 2007
1	NON - PERFORMING LOANS AND ADVANCES	(KSHS'000)	(KSHS'000)
	a) Gross Non- performing Loans and advances Less	357,918	418,889
	b) Interest in suspense	83,390	102,978
	c) Total Non- performing loans and advances (a-b) Less	274,528	315,911
	d) Loan loss provisions	66,797	70,595
	e) Net Non Performing Loans(c-d) f) Discounted value of securities	207,731 207,731	245,316 245,316
	g) Net NPLs exposure (e-f)	0	245,510
	g) <u>-</u> = 0pood (0 .)		
2	INSIDER LOANS AND ADVANCES		
	a) Directors, shareholders and associates	61,648	57,429
	b) Employees	78,207	112,140
	c) Total Insider Loans and Advances	139,855	169,569
3	OFF- BALANCE SHEET ITEMS		
	a) Letters of Credit, Guarantees, Acceptances	5,244,155	7,197,471
	b) Other contingent items	2,538,436	1,758,367
	c) Total contingent liabilities	7,782,591	8,955,838
4	CAPITAL STRENGTH	0.404.007	0.740.040
	a) Core capital b) Minimum Statutory Capital	2,424,097 250,000	3,749,842 250,000
	c) Excess/ (deficiency)	2,174,097	3,499,842
	d) Supplementary capital	8,018	8,321
	e) Total capital (a+d)	2,432,115	3,758,163
		Leating 1	
	f) Total risk weighted assets	18,911,412	26,033,144
	g) Core capital/total deposit liabilities	13.20%	15.80%
	h) Minimum statutory ratio	8.00%	8.00%
	i) Excess /(Deficiency)	5.20%	7.80%
	, =,		
	j) Core capital/total risk weighted assets	12.82%	14.40%
	k) Minimum statutory ratio	8.00%	8.00%
	I) Excess /(Deficiency) (j-k)	4.82%	6.40%
	m)Total capital/total risk weighted assets	12.86%	14.44%
	n) Minimum statutory ratio	12.00%	12.00%
	o) Excess /(Deficiency) (m-n)	0.86%	2.44%
5	LIQUIDITY	I N I I I I I I I I I	
Э	a) Liquidity ratio	31.38%	29.79%
	b) Minimum Statutory ratio	20.00%	20.00%
	c) Excess /(Deficiency) (a-b)	11.38%	9.79%

		INCHES	The state of the s		
The abov	e are extracts	of the financia	al statements and	records of the in	stitution.

Signed:

Tivoli Centre

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40100 Kisumu

Fax: 3741395

S.B.R Shah Chairman

Sarit S Raja Shah **Executive Director**

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