



# AFRICAN BANKING CORPORATION LTD.

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## UNAUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES AS AT 31.3.2012

|   | Bank              | Bank              | Bank   | Group             | Group             | Group             |
|---|-------------------|-------------------|--|-------------------|-------------------|-------------------|
|   | 31st Mar,         | 31st Dec,         | 31st Mar,                                    | 31st Mar,         | 31st Dec,         | 31st Mar          |
|   | 2011              | 2011              | 2012   | 2011              | 2011              | 2012              |
|   | Unaudited         | Audited           | Unaudited                                    | Unaudited         | Audited           | Unaudited         |
|   | Shs '000          | Shs '000          | Shs '000                                     | Shs '000          | Shs '000          | Shs '000          |
| <b>I BALANCE SHEET</b>  |                   |                   |  |                   |                   |                   |
| <b>1 ASSETS</b>   |                   |                   |  |                   |                   |                   |
| 1.1 Cash ( both Local & Foreign)  | 186,475           | 167,704           | 172,528                                      | 186,478           | 167,708           | 172,535           |
| 1.2 Balances due from Central Bank of Kenya   | 604,959           | 682,773           | 585,437                                      | 604,959           | 682,773           | 585,437           |
| 1.3 Kenya Government securities   | 3,196,149         | 2,601,282         | 3,089,141                                    | 3,196,149         | 2,601,282         | 3,089,141         |
| 1.4 Foreign Currency Treasury Bills & Bonds   | -                 | -                 | -  | -                 | -                 | -                 |
| 1.5 Deposits and balances due from local banking institutions   | 228,421           | 89,542            | 300,546                                      | 233,145           | 96,980            | 307,252           |
| 1.6 Deposits and balances due from banking institutions abroad  | 455,844           | 405,080           | 308,978                                      | 455,844           | 405,080           | 308,978           |
| 1.7 Kenya Government and other securities held for dealing purposes   | -                 | -                 | -  | -                 | -                 | -                 |
| 1.8 Tax recoverable   | -                 | 16,880            | 16,880                                       | 1,981             | 18,562            | 18,603            |
| 1.9 Loans and advances to customers (net)   | 5,295,490         | 7,073,553         | 7,448,532                                    | 5,295,490         | 7,073,553         | 7,448,532         |
| 1.10 Investment securities  | 393,742           | 375,483           | 386,946                                      | 393,742           | 375,483           | 386,946           |
| 1.11 Balances due from group companies  | 3,226             | 8,390             | 8,390  | 1,071             | 1,611             | 1,611             |
| 1.12 Investments in associates  | 177,482           | 177,482           | 177,482                                      | 169,457           | 174,058           | 178,908           |
| 1.13 Investments in subsidiary companies  | 217,850           | 217,850           | 217,850                                      | -                 | -                 | -                 |
| 1.14 Investments in joint ventures  | -                 | -                 | -  | -                 | -                 | -                 |
| 1.15 Investment properties  | -                 | -                 | -  | -                 | -                 | -                 |
| 1.16 Property and equipment   | 389,566           | 428,313           | 445,701                                      | 391,629           | 430,074           | 447,382           |
| 1.17 Prepaid lease rentals  | -                 | -                 | -  | -                 | -                 | -                 |
| 1.18 Intangible assets  | 22,457            | 24,911            | 30,306                                       | 274,005           | 277,899           | 283,310           |
| 1.19 Deferred tax asset   | -                 | -                 | -  | -                 | 5,007             | 5,342             |
| 1.20 Retirement benefit asset   | -                 | -                 | -  | -                 | -                 | -                 |
| 1.21 Other assets   | 263,189           | 237,652           | 379,270                                      | 294,048           | 256,017           | 399,654           |
| <b>1.22 TOTAL ASSETS</b>  | <b>11,434,850</b> | <b>12,506,895</b> | <b>13,567,987</b>                            | <b>11,497,998</b> | <b>12,566,087</b> | <b>13,633,631</b> |
| <b>2 LIABILITIES</b>  |                   |                   |  |                   |                   |                   |
| 2.1 Balances due to Central Bank of Kenya   | -                 | -                 | -  | -                 | -                 | -                 |
| 2.2 Customer deposits   | 9,261,787         | 10,471,279        | 11,386,423                                   | 9,225,268         | 10,442,446        | 11,361,914        |
| 2.3 Deposits and balances due to local banking institutions   | 105,006           | 50,055            | -  | 105,006           | 50,055            | -                 |
| 2.4 Deposits and balances due to foreign banking institutions   | 7                 | -                 | -  | 7                 | -                 | -                 |
| 2.5 Other money market deposits   | -                 | -                 | -  | -                 | -                 | -                 |
| 2.6 Borrowed funds  | -                 | -                 | -  | -                 | -                 | -                 |
| 2.7 Balances due to group companies   | -                 | -                 | -  | -                 | -                 | -                 |
| 2.8 Tax payable   | 63,203            | -                 | 30,926                                       | 63,203            | -                 | 30,926            |
| 2.9 Dividends payable   | -                 | -                 | -  | -                 | -                 | -                 |
| 2.10 Deferred tax liability   | 6,734             | 3,114             | 3,114  | 6,734             | -                 | -                 |
| 2.11 Retirement benefit liability   | -                 | -                 | -  | -                 | -                 | -                 |
| 2.12 Other liabilities  | 297,529           | 280,360           | 373,972                                      | 324,616           | 300,931           | 394,645           |
| <b>2.13 TOTAL LIABILITIES</b>   | <b>9,734,266</b>  | <b>10,804,808</b> | <b>11,794,435</b>                            | <b>9,724,834</b>  | <b>10,793,432</b> | <b>11,787,485</b> |
| <b>3 SHAREHOLDERS' FUNDS</b>  |                   |                   |  |                   |                   |                   |
| 3.1 Paid up /Assigned capital   | 1,050,000         | 1,050,000         | 1,050,000                                    | 1,050,000         | 1,050,000         | 1,050,000         |
| 3.2 Share premium   | -                 | -                 | -  | -                 | -                 | -                 |
| 3.3 Revaluation reserves  | 143,318           | (74,558)          | (74,558)                                     | 143,318           | (74,558)          | (74,558)          |
| 3.4 Retained earnings   | 451,118           | 658,865           | 730,330                                      | 491,763           | 698,206           | 771,999           |
| 3.5 Statutory loan reserves   | 56,148            | 67,780            | 67,780                                       | 56,148            | 67,780            | 67,780            |
| 3.6 Proposed dividends  | -                 | -                 | -  | -                 | -                 | -                 |
| 3.7 Capital grants  | -                 | -                 | -  | 31,935            | 31,227            | 30,925            |
| <b>3.8 TOTAL SHAREHOLDERS' FUNDS</b>  | <b>1,700,584</b>  | <b>1,702,087</b>  | <b>1,773,552</b>                             | <b>1,773,164</b>  | <b>1,772,655</b>  | <b>1,846,146</b>  |
| <b>3.9 TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>  | <b>11,434,850</b> | <b>12,506,895</b> | <b>13,567,987</b>                            | <b>11,497,998</b> | <b>12,566,087</b> | <b>13,633,631</b> |
| <b>II PROFIT AND LOSS ACCOUNT</b>   |                   |                   |  |                   |                   |                   |
| <b>4 INTEREST INCOME</b>  |                   |                   |  |                   |                   |                   |
| 4.1 Loans and advances  | 192,693           | 949,468           | 396,112                                      | 192,693           | 949,468           | 396,112           |
| 4.2 Government securities   | 57,670            | 265,866           | 72,449                                       | 57,670            | 265,866           | 72,449            |
| 4.3 Deposits and placements with banking institutions   | 960               | 5,689             | 5,805  | 960               | 5,689             | 5,805             |
| 4.4 Other interest income   | 11,337            | 45,976            | 11,462                                       | 11,337            | 45,991            | 11,477            |
| <b>4.5 Total interest income</b>  | <b>262,660</b>    | <b>1,266,999</b>  | <b>485,828</b>                               | <b>262,660</b>    | <b>1,267,014</b>  | <b>485,843</b>    |
| <b>5 INTEREST EXPENSE</b>   |                   |                   |  |                   |                   |                   |
| 5.1 Customer deposits   | 93,953            | 499,897           | 286,571                                      | 93,531            | 498,810           | 286,319           |
| 5.2 Deposits and placement from banking institutions  | 158               | 14,483            | 699  | 158               | 14,483            | 699               |
| 5.3 Other interest expenses   | -                 | 1                 | 32   | -                 | 1                 | 32                |
| <b>5.4 Total interest expenses</b>  | <b>94,111</b>     | <b>514,381</b>    | <b>287,302</b>                               | <b>93,689</b>     | <b>513,294</b>    | <b>287,050</b>    |
| <b>5.5 NET INTEREST INCOME</b>  | <b>168,549</b>    | <b>752,618</b>    | <b>198,526</b>                               | <b>168,971</b>    | <b>753,720</b>    | <b>198,793</b>    |
| <b>6 OTHER OPERATING INCOME</b>   |                   |                   |  |                   |                   |                   |
| 6.1 Fees and commissions on loans and advances  | 7,984             | 64,710            | 28,727                                       | 7,984             | 64,710            | 28,727            |
| 6.2 Other fees and commissions  | 38,756            | 175,890           | 40,413                                       | 38,749            | 175,890           | 40,413            |
| 6.3 Foreign exchange trading income   | 22,445            | 144,636           | 40,732                                       | 22,445            | 144,636           | 40,732            |
| 6.4 Dividend income   | 203               | 371               | 315  | 203               | 371               | 315               |
| 6.5 Other income  | 46,644            | 77,437            | 3,305  | 51,790            | 94,295            | 9,325             |
| <b>6.6 Total non-interest income</b>  | <b>116,032</b>    | <b>463,044</b>    | <b>113,492</b>                               | <b>121,171</b>    | <b>479,902</b>    | <b>119,512</b>    |
| <b>6.7 TOTAL OPERATING INCOME</b>   | <b>284,581</b>    | <b>1,215,662</b>  | <b>312,018</b>                               | <b>290,142</b>    | <b>1,233,622</b>  | <b>318,305</b>    |
| <b>7 OPERATING EXPENSES</b>   |                   |                   |  |                   |                   |                   |
| 7.1 Loan loss provision   | 27,000            | 11,603            | 23,699                                       | 27,000            | 11,603            | 23,699            |
| 7.2 Staff costs   | 74,160            | 333,141           | 91,866                                       | 79,593            | 350,765           | 94,397            |
| 7.3 Directors' emoluments   | 3,720             | 23,180            | 5,040  | 3,720             | 23,180            | 5,040             |
| 7.4 Rental charges  | 9,225             | 40,757            | 10,686                                       | 9,707             | 42,732            | 11,223            |
| 7.5 Depreciation charge on property and equipment   | 6,388             | 26,191            | 6,858  | 6,501             | 26,608            | 6,947             |
| 7.6 Amortisation charges  | 1,445             | 6,003             | 1,679  | 1,565             | 6,681             | 1,859             |
| 7.7 Other operating expenses  | 62,625            | 259,321           | 69,803                                       | 63,453            | 264,048           | 70,723            |
| <b>7.8 Total operating expenses</b>   | <b>184,563</b>    | <b>700,196</b>    | <b>209,631</b>                               | <b>191,539</b>    | <b>725,617</b>    | <b>213,888</b>    |
| <b>7.9 Profit before tax and exceptional items</b>  | <b>100,018</b>    | <b>515,466</b>    | <b>102,387</b>                               | <b>98,603</b>     | <b>508,005</b>    | <b>104,417</b>    |
| 7.10 Exceptional items  | -                 | -                 | -  | -                 | -                 | -                 |
| <b>7.11 Profit after exceptional items</b>  | <b>100,018</b>    | <b>515,466</b>    | <b>102,387</b>                               | <b>98,603</b>     | <b>508,005</b>    | <b>104,417</b>    |
| 7.12 Current tax  | 30,005            | 145,693           | 30,926                                       | 30,005            | 146,617           | 30,926            |
| 7.13 Deferred tax   | -                 | (3,619)           | -  | -                 | (8,578)           | -                 |
| <b>7.14 Profit after tax and exceptional items</b>  | <b>70,013</b>     | <b>373,392</b>    | <b>71,461</b>                                | <b>68,598</b>     | <b>369,966</b>    | <b>73,491</b>     |
| <b>8 EARNINGS PER SHARE - BASIC &amp; DILUTED</b>   | <b>0.67</b>       | <b>3.53</b>       | <b>0.68</b>                                  | <b>0.65</b>       | <b>3.53</b>       | <b>0.70</b>       |
| <b>9 DIVIDEND PER SHARE -DECLARED</b>   |                   | <b>0.80</b>       |  |                   | <b>0.80</b>       |                   |
| <b>III OTHER DISCLOSURES</b>  |                   |                   |  |                   |                   |                   |
| <b>10 NON-PERFORMING LOANS AND ADVANCES</b>   |                   |                   |  |                   |                   |                   |
| 10.1 (a) Gross Non-performing loans and advances  | 322,104           | 280,010           | 307,373                                      | 322,104           | 280,010           | 307,373           |
| 10.2 (b) Less Interest in Suspense  | 80,556            | 71,705            | 79,910                                       | 80,556            | 71,705            | 79,910            |
| <b>10.3 (c) Total Non-Performing Loans and Advances (a-b)</b>   | <b>241,548</b>    | <b>208,305</b>    | <b>231,463</b>                               | <b>241,548</b>    | <b>208,305</b>    | <b>231,463</b>    |
| 10.4 (d) Less Loan Loss Provision   | 199,449           | 134,794           | 133,987                                      | 199,449           | 134,794           | 133,987           |
| <b>10.5 (e) Net Non-Performing Loans and Advances(c-d)</b>  | <b>42,099</b>     | <b>73,511</b>     | <b>97,476</b>                                | <b>42,099</b>     | <b>73,511</b>     | <b>97,476</b>     |
| 10.6 (f) Discounted Value of Securities   | 42,099            | 73,511            | 97,476                                       | 42,099            | 73,511            | 97,476            |
| 10.7 (g) Net NPLs Exposure (e-f)  | -                 | -                 | -  | -                 | -                 | -                 |
| <b>11 INSIDER LOANS AND ADVANCES</b>  |                   |                   |  |                   |                   |                   |
| 11.1 (a) Directors, Shareholders and Associates   | 86,695            | 191,255           | 39,164                                       | 86,695            | 191,255           | 39,164            |
| 11.2 (b) Employees  | 54,517            | 96,832            | 94,659                                       | 54,517            | 96,832            | 94,659            |
| <b>11.3 (c) Total Insider Loans and Advances and other facilities</b>   | <b>141,212</b>    | <b>288,087</b>    | <b>133,823</b>                               | <b>141,212</b>    | <b>288,087</b>    | <b>133,823</b>    |
| <b>12 OFF-BALANCE SHEET ITEMS</b>   |                   |                   |  |                   |                   |                   |
| 12.1 (a) Letters of credit, guarantees, acceptances   | 2,261,927         | 2,262,999         | 2,758,463                                    | 2,261,927         | 2,262,999         | 2,758,463         |
| 12.2 (b) Other contingent liabilities   | 1,154,356         | 760,353           | 1,461,764                                    | 1,154,356         | 760,353           | 1,461,764         |
| <b>12.3 (c) Total Contingent Liabilities</b>  | <b>3,416,283</b>  | <b>3,023,352</b>  | <b>4,220,227</b>                             | <b>3,416,283</b>  | <b>3,023,352</b>  | <b>4,220,227</b>  |
| <b>13 CAPITAL STRENGTH</b>  |                   |                   |  |                   |                   |                   |
| 13.1 (a) Core capital   | 1,288,630         | 1,531,383         | 1,567,118                                    | 1,288,630         | 1,531,383         | 1,567,118         |
| 13.2 (b) Minimum Statutory Capital  | 500,000           | 700,000           | 700,000                                      | 500,000           | 700,000           | 700,000           |
| 13.3 (c) Excess (a-b)   | 788,630           | 831,383           | 867,118                                      | 788,630           | 831,383           | 867,118           |
| 13.4 (d) Supplementary Capital  | 56,148            | 67,780            | 67,780                                       | 56,148            | 67,780            | 67,780            |
| <b>13.5 (e) Total Capital (a+d)</b>   | <b>1,344,778</b>  | <b>1,599,163</b>  | <b>1,634,898</b>                             | <b>1,344,778</b>  | <b>1,599,163</b>  | <b>1,634,898</b>  |
| 13.6 (f) Total risk weighted assets   | 7,187,592         | 9,085,928         | 9,800,142                                    | 7,187,592         | 9,085,928         | 9,800,142         |
| <b>13.7 (g) Core Capital/Total deposits Liabilities</b>   | <b>13.9%</b>      | <b>14.62%</b>     | <b>13.76%</b>                                | <b>13.9%</b>      | <b>14.62%</b>     | <b>13.76%</b>     |
| 13.8 (h) Minimum statutory Ratio  | 8.0%              | 8.0%              | 8.0%   | 8.0%              | 8.0%              | 8.0%              |
| 13.9 (i) Excess   | 5.9%              | 6.6%              | 5.8%   | 5.9%              | 6.6%              | 5.8%              |
| <b>13.10 (j) Core Capital / total risk weighted assets</b>  | <b>17.9%</b>      | <b>16.9%</b>      | <b>16.0%</b>                                 | <b>17.9%</b>      | <b>16.9%</b>      | <b>16.0%</b>      |
| 13.11 (k) Minimum Statutory Ratio   | 8.0%              | 8.0%              | 8.0%   | 8.0%              | 8.0%              | 8.0%              |
| 13.12 (l) Excess (j-k)  | 9.9%              | 8.9%              | 8.0%   | 9.9%              | 8.9%              | 8.0%              |
| <b>13.13 (m) Total Capital/total risk weighted assets</b>   | <b>18.7%</b>      | <b>17.6%</b>      | <b>16.7%</b>                                 | <b>18.7%</b>      | <b>17.6%</b>      | <b>16.7%</b>      |
| 13.14 (n) Minimum statutory Ratio   | 12.0%             | 12.0%             | 12.0%  | 12.0%             | 12.0%             | 12.0%             |
| 13.15 (o) Excess (m-n)  | 6.7%              | 5.6%              | 4.7%   | 6.7%              | 5.6%              | 4.7%              |
| <b>14 LIQUIDITY</b>   |                   |                   |  |                   |                   |                   |
| 14.1 (a) Liquidity Ratio  | 48.37%            | 34.64%            | 38.02%                                       | 48.37%            | 34.64%            | 38.02%            |
| 14.2 (b) Minimum Statutory Ratio  | 20.0%             | 20.0%             | 20.0%  | 20.0%             | 20.0%             | 20.0%             |
| <b>14.3 (c) Excess (a-b)</b>  | <b>28.37%</b>     | <b>14.64%</b>     | <b>18.02%</b>                                | <b>28.37%</b>     | <b>14.64%</b>     | <b>18.02%</b>     |
| <b>AUTHORIZATION:</b>   |                   |                   |  |                   |                   |                   |
| The above quarterly financial statements and disclosures are extracts of unaudited financial records of the Bank. |                   |                   |  |                   |                   |                   |
| Shamaz Savani-Group Managing Director   |                   |                   | Devinder Gupta-Group Chief Executive Officer |                   |                   |                   |