



AFRICAN BANKING CORPORATION LTD.

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AUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES AS AT 31.12.2011

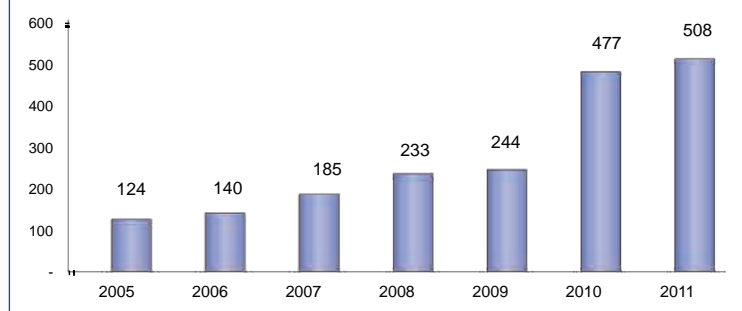
BALANCE SHEET

	Bank 31st Dec, 2010 Audited Shs '000	Bank 31st Dec, 2011 Audited Shs '000	Group 31st Dec 2010 Audited Shs '000	Group 31st Dec, 2011 Audited Shs '000
ASSETS				
Cash (both Local & Foreign)	144,242	167,704	144,246	167,708
Balances due from Central Bank of Kenya	530,173	682,773	530,173	682,773
Kenya Government securities	2,392,096	2,601,282	2,392,096	2,601,282
Foreign Currency Treasury Bills & Bonds	-	-	-	-
Deposits and balances due from local banking institutions	448,761	89,542	456,562	96,980
Deposits and balances due from banking institutions abroad	296,228	405,080	296,228	405,080
Kenya Government and other securities held for dealing purposes	-	-	-	-
Tax recoverable	-	16,880	621	18,562
Loans and advances to customers (net)	5,288,180	7,073,553	5,288,180	7,073,553
Investment securities	383,386	375,483	383,386	375,483
Balances due from group companies	3,124	8,390	969	1,611
Investments in associates	93,566	177,482	83,898	174,058
Investments in subsidiary companies	217,850	217,850	-	-
Investments in joint ventures	-	-	-	-
Investment properties	-	-	-	-
Property and equipment	377,181	428,313	379,341	430,074
Prepaid lease rentals	-	-	-	-
Intangible assets	23,901	24,911	275,568	277,899
Deferred tax asset	-	-	-	5,007
Retirement benefit asset	-	-	-	-
Other assets	97,873	237,652	117,471	256,017
TOTAL ASSETS	10,296,561	12,506,895	10,348,739	12,566,087
LIABILITIES				
Balances due to Central Bank of Kenya	-	-	-	-
Customer deposits	8,353,037	10,471,279	8,305,790	10,442,446
Deposits and balances due to local banking institutions	60,000	50,055	60,000	50,055
Deposits and balances due to foreign banking institutions	-	-	-	-
Other money market deposits	-	-	-	-
Borrowed funds	-	-	-	-
Balances due to group companies	-	-	-	-
Tax payable	33,197	-	33,197	-
Dividends payable	-	-	-	-
Deferred tax liability	6,733	3,114	3,571	-
Retirement benefit liability	-	-	-	-
Other liabilities	213,023	280,360	241,616	300,931
TOTAL LIABILITIES	8,665,990	10,804,808	8,644,174	10,793,432
SHAREHOLDERS' FUNDS				
Paid up /Assigned capital	1,050,000	1,050,000	1,050,000	1,050,000
Share premium	-	-	-	-
Revaluation reserves	143,318	(74,558)	143,318	(74,558)
Retained earnings	381,105	658,865	422,837	698,206
Statutory loan reserves	56,148	67,780	56,148	67,780
Proposed dividends	-	-	-	-
Capital grants	-	-	32,262	31,227
TOTAL SHAREHOLDERS' FUNDS	1,630,571	1,702,087	1,704,565	1,772,655
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	10,296,561	12,506,895	10,348,739	12,566,087
PROFIT AND LOSS ACCOUNT				
INTEREST INCOME				
Loans and advances	791,137	949,468	791,137	949,468
Government securities	208,469	265,866	208,469	265,866
Deposits and placements with banking institutions	6,348	5,689	6,348	5,689
Other Interest Income	47,403	45,976	49,380	45,991
Total interest income	1,053,357	1,266,999	1,055,334	1,267,014
INTEREST EXPENSE				
Customer deposits	352,733	499,897	352,733	498,810
Deposits and placement from banking institutions	8,108	14,483	8,108	14,483
Other interest expenses	-	1	-	1
Total interest expenses	360,841	514,381	360,841	513,294
NET INTEREST INCOME	692,516	752,618	694,493	753,720
Fees and commissions on loans and advances	59,881	64,710	59,881	64,710
Other fees and commissions	153,812	175,890	174,379	175,890
Foreign exchange trading income	67,179	144,636	67,179	144,636
Dividend income	249	371	249	371
Other income	112,670	77,437	131,184	94,295
Total non-interest income	393,791	463,044	432,872	479,902
TOTAL OPERATING INCOME	1,086,307	1,215,662	1,127,365	1,233,622
OPERATING EXPENSES				
Loan loss provision	40,427	11,603	40,427	11,603
Staff costs	268,042	333,141	286,880	350,765
Directors' emoluments	15,470	23,180	15,470	23,180
Rental charges	48,127	40,757	50,059	42,732
Depreciation charge on property and equipment	25,659	26,191	26,093	26,608
Amortisation charges	5,767	6,003	6,208	6,681
Other operating expenses	202,395	259,321	225,539	264,048
Total operating expenses	605,887	700,196	650,676	725,617
Profit before tax and exceptional items	480,420	515,466	476,689	508,005
Exceptional items	-	-	-	-
Profit after exceptional items	480,420	515,466	476,689	508,005
Current tax	136,599	145,693	136,599	146,617
Deferred tax	1,593	(3,619)	3,524	(8,578)
Profit after tax and exceptional items	342,228	373,392	336,566	369,966
EARNINGS PER SHARE - BASIC & DILUTED	4.12	3.53	4.04	3.53
DIVIDEND PER SHARE - DECLARED		0.80		0.80
OTHER DISCLOSURES				
NON-PERFORMING LOANS AND ADVANCES				
(a) Gross Non-performing loans and advances	313,794	280,010	313,794	280,010
(b) Less Interest in Suspense	75,656	71,705	75,656	71,705
(c) Total Non-Performing Loans and Advances (a-b)	238,138	208,305	238,138	208,305
(d) Less Loan Loss Provision	199,394	134,794	199,394	134,794
(e) Net Non-Performing Loans and Advances(c-d)	38,744	73,511	38,744	73,511
(f) Discounted Value of Securities	38,744	73,511	38,744	73,511
(g) Net NPLs Exposure (e-f)	-	-	-	-
INSIDER LOANS AND ADVANCES				
(a) Directors, Shareholders and Associates	86,179	191,255	86,179	191,255
(b) Employees	50,085	96,832	50,085	96,832
(c) Total Insider Loans and Advances and other facilities	136,264	288,087	136,264	288,087
OFF-BALANCE SHEET ITEMS				
(a) Letters of credit, guarantees, acceptances	2,176,879	2,262,999	2,176,879	2,262,999
(b) Other contingent liabilities	591,420	760,353	626,120	760,353
(c) Total Contingent Liabilities	2,768,299	3,023,352	2,802,999	3,023,352
CAPITAL STRENGTH				
(a) Core capital	1,337,539	1,531,383	1,337,539	1,531,383
(b) Minimum Statutory Capital	500,000	700,000	500,000	700,000
(c) Excess (a-b)	837,539	831,383	837,539	831,383
(d) Supplementary Capital	56,148	67,780	56,148	67,780
(e) Total Capital (a+d)	1,393,687	1,599,163	1,393,687	1,599,163
(f) Total risk weighted assets	6,924,382	9,085,928	6,924,382	9,085,928
(g) Core Capital/Total deposits Liabilities	16.01%	14.62%	16.01%	14.62%
(h) Minimum statutory Ratio	8.0%	8.0%	8.0%	8.0%
(i) Excess	8.0%	6.6%	8.0%	6.6%
(j) Core Capital / total risk weighted assets	19.3%	16.9%	19.3%	16.9%
(k) Minimum Statutory Ratio	8.0%	8.0%	8.0%	8.0%
(l) Excess (j-k)	11.3%	8.9%	11.3%	8.9%
(m) Total Capital/total risk weighted assets	20.1%	17.6%	20.1%	17.6%
(n) Minimum statutory Ratio	12.0%	12.0%	12.0%	12.0%
(o) Excess (m-n)	8.1%	5.6%	8.1%	5.6%
LIQUIDITY				
(a) Liquidity Ratio	40.95%	34.64%	40.95%	34.64%
(b) Minimum Statutory Ratio	20.0%	20.0%	20.0%	20.0%
(c) Excess (a-b)	20.95%	14.64%	20.95%	14.64%

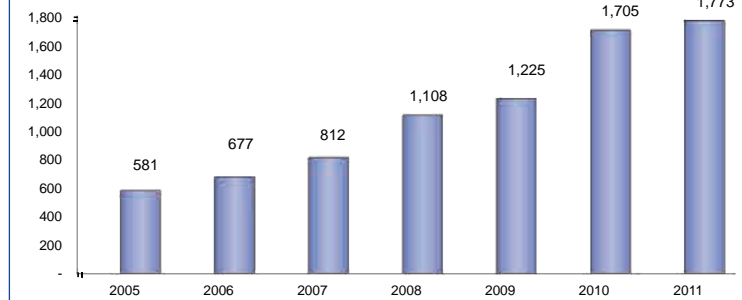
KEY GROUP PERFORMANCE HIGHLIGHTS

1. The group's 2011 Profit before tax crossed the half billion mark for the first time, to stand at Shs 508 million up from Shs 477 million reported in 2010.
2. Profit after tax stood at Kshs 370 million, 10% growth from Kshs 337 million reported in the previous year.
3. Total Assets grew by 21% from 10.3 billion in December 2010 to 12.6 billion in December 2011.
4. Customer deposits as at 31 December 2011 were Kshs 10.4 billion, 26% higher than the Kshs 8.3 billion reported at end of December 2010.
5. Net Loans grew by 34% to close at Kshs 7.1 billion in December 2011 up from the Kshs 5.3 billion in the previous year.
6. Total shareholders' funds closed the period at Shs 1.8 billion, up from Shs 1.7 billion as at 31 December 2010, a 4% growth.

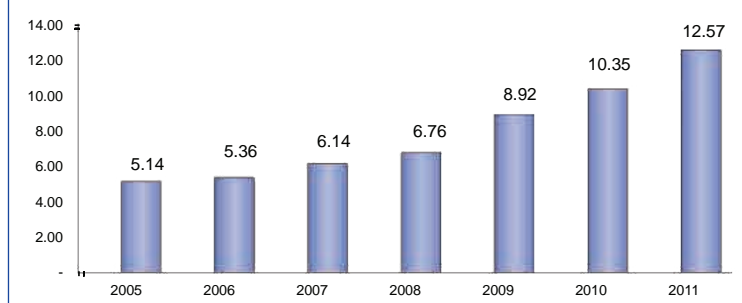
Profitability in Millions



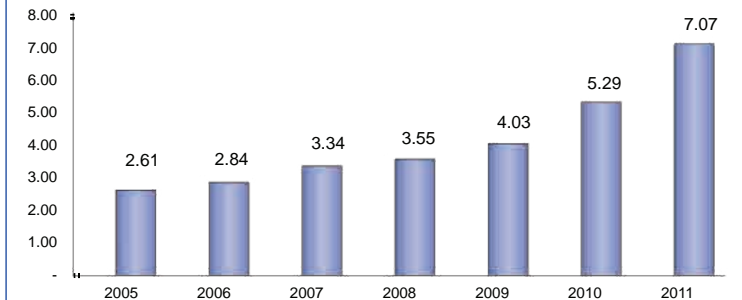
Shareholder Funds in Millions



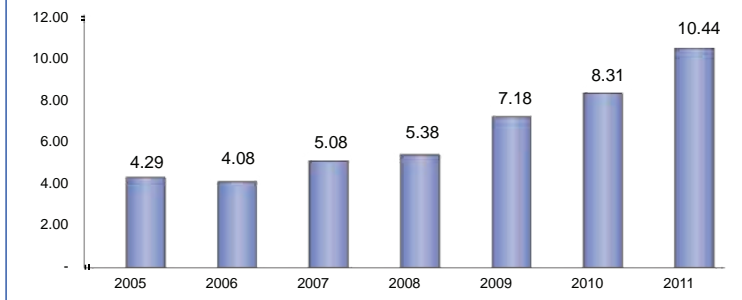
Assets in Billions



Advances in Billions



Deposits in Billions



MESSAGE FROM THE DIRECTORS:

The financial statements are extracts from the audited books of the institution.

Signed:

Shamaz Savani
MANAGING DIRECTOR

Joseph K. Muiruri
DIRECTOR