AFRICAN BANKING CORPORATION LTD.

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UNAUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES AS AT 30TH JUNE 2013

BALANCE SHEET	Bank 30th June 2012 Unaudited Shs '000'	Bank 31st Dec 2012 Audited Shs '000'	Bank 31st Mar 2013 Unaudited Shs '000'	Bank 30th June 2013 Unaudited Shs '000'	Group 30th June 2012 Unaudited Shs '000'	Group 31st Dec 2012 Audited Shs '000'	Group 31st Mar 2013 Unaudited Shs '000'	Group 30th June 2013 Unaudited Shs '000'
ASSETS								
Cash (both Local & Foreign)	155,469	171,683	144,173	153,912	155,470	215,514	173,063	181,934
Balances due from Central Bank of Kenya	1,067,996	1,572,266	1,233,341	1,728,023	1,067,996	1,572,266	1,269,075	1,770,255
Kenya Government and other securities held for dealing purposes	-	-	-	-	-	-	-	-
Financial Assets at fair value through profit and loss	-	-	-	-	-	-	-	-
Investment Securities:								
a) Held to Maturity:	**3,296,905**	**3,901,037**	**3,649,223**	**3,855,542**	**3,296,905**	**3,952,452**	**3,800,072**	**4,254,226**
a. Kenya Government securities	2,944,889	3,572,430	3,310,696	3,550,462	2,944,889	3,623,845	3,461,545	3,550,462
b. Other securities	352,016	328,607	338,527	305,080	352,016	328,607	338,527	703,764
b) Available for sale:	**864,104**	**1,609,883**	**1,898,564**	**897,106**	**864,104**	**1,609,883**	**1,898,564**	**897,106**
a. Kenya Government securities	864,104	1,609,883	1,898,564	897,106	864,104	1,609,883	1,898,564	897,106
b. Other securities	-	-	-	-	-	-	-	-
Deposits and balances due from local banking institutions	134,533	86,166	42,812	116,532	152,535	93,796	825,676	137,537
Deposits and balances due from banking institutions abroad	434,674	458,064	748,438	682,939	434,674	987,724	748,438	1,128,595
Tax recoverable	16,880	26,805	26,805	26,805	18,633	28,665	28,763	28,812
Loans and advances to customers (net)	7,713,304	9,789,658	9,368,461	10,100,714	7,713,304	10,133,792	9,723,498	10,626,186
Balances due from banking institutions in the group	9,212	3,597	3,800	3,800	1,913	-	-	-
Investments in associates	177,482	-	-	-	182,348	-	-	-
Investments in subsidiary companies	217,850	612,519	818,158	818,158	-	-	-	-
Investments in joint ventures	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-
Property and equipment	454,674	470,376	493,117	556,790	456,272	481,200	504,222	567,173
Prepaid lease rentals	-	-	-	-	-	-	-	-
Intangible assets	35,075	57,611	57,288	54,780	287,908	283,781	283,029	281,315
Deferred tax asset	-	8,852	8,852	8,852	5,342	4,762	4,762	8,852
Retirement benefit asset	-	-	-	-	-	-	-	-
Other assets	458,081	302,262	511,948	490,106	483,193	334,000	566,990	553,224
TOTAL ASSETS	**15,036,239**	**19,070,779**	**19,004,980**	**19,494,059**	**15,120,597**	**19,697,835**	**19,826,152**	**20,435,215**
LIABILITIES								
Balances due to Central Bank of Kenya	-	-	-	-	-	-	-	-
Customer deposits	12,575,110	15,255,406	15,667,541	15,131,465	12,512,663	15,529,235	16,135,429	15,652,003
Deposits and balances due to local banking institutions	37,868	609,039	16,688	585,373	37,868	652,025	59,356	585,373
Deposits and balances due to foreign banking institutions	109,332	-	-	-	109,332	-	-	-
Other money market deposits	-	-	-	-	-	-	-	-
Borrowed funds	-	759,919	737,210	755,064	-	759,919	737,210	755,064
Balances due to banking institutions in the group	-	-	42,824	8,628	-	-	-	-
Tax payable	70,758	-	30,712	73,593	70,758	7,083	30,712	73,593
Dividends payable	-	-	-	-	-	-	-	-
Deferred tax liability	3,114	-	-	-	-	-	-	-
Retirement benefit liability	-	-	-	-	-	-	-	-
Other liabilities	320,737	334,806	396,681	651,612	397,862	385,431	482,699	782,578
TOTAL LIABILITIES	**13,116,919**	**16,959,170**	**16,891,656**	**17,205,735**	**13,128,483**	**17,333,693**	**17,445,405**	**17,848,611**
SHAREHOLDERS' FUNDS								
Paid up /Assigned capital	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000
Share premium/(discount)	-	-	-	-	-	-	-	-
Revaluation reserves	(17,879)	(4,919)	(74,865)	76	(17,879)	(4,919)	(74,865)	76
Retained earnings/Accumulated losses	819,419	972,506	1,044,167	1,144,226	861,634	961,531	1,036,646	1,138,318
Statutory loan loss reserves	67,780	94,022	94,022	94,022	67,780	102,736	94,022	99,422
Other Reserves	-	-	-	-	-	(18,383)	-	22,233
Proposed dividends	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
TOTAL SHAREHOLDERS' FUNDS	**1,919,320**	**2,111,609**	**2,113,324**	**2,288,324**	**1,961,535**	**2,090,965**	**2,105,803**	**2,310,049**
Minority Interest	-	-	-	-	30,579	273,177	274,944	276,555
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	**15,036,239**	**19,070,779**	**19,004,980**	**19,494,059**	**15,120,597**	**19,697,835**	**19,826,152**	**20,435,215**
PROFIT AND LOSS ACCOUNT								
INTEREST INCOME								
Loans and advances	833,931	1,713,948	415,005	858,772	833,931	1,739,705	433,232	904,017
Government securities	166,703	420,939	140,724	274,625	166,703	422,236	143,042	283,264
Deposits and placements with banking institutions	22,920	46,165	5,559	9,071	22,920	59,425	22,308	44,719
Other Interest Income	22,382	43,629	9,919	19,409	22,396	43,688	10,242	19,424
Total interest income	**1,045,936**	**2,224,681**	**571,206**	**1,161,877**	**1,045,950**	**2,265,054**	**608,823**	**1,251,424**
INTEREST EXPENSE								
Customer deposits	633,969	1,325,631	308,398	593,253	633,601	1,330,726	318,002	616,604
Deposits and placement from banking institutions	2,197	7,668	3,792	8,637	2,197	7,668	3,983	9,001
Other interest expenses	32	16,070	17,423	34,856	32	16,070	17,462	34,856
Total interest expenses	**636,198**	**1,349,369**	**329,612**	**636,746**	**635,830**	**1,354,464**	**339,448**	**660,461**
NET INTEREST INCOME/(LOSS)	**409,738**	**875,312**	**241,593**	**525,131**	**410,120**	**910,590**	**269,376**	**590,963**
NON-INTEREST INCOME								
Fees and commissions on loans and advances	53,233	96,158	30,691	42,360	53,233	96,158	33,528	50,075
Other fees and commissions	85,699	174,933	53,812	95,704	85,699	183,040	54,970	97,513
Foreign exchange trading income/(Loss)	89,094	160,494	32,906	65,703	89,094	161,864	33,586	67,632
Dividend Income	315	315	-	-	315	315	-	-
Other income	15,323	74,699	11,759	52,625	26,172	48,702	19,544	64,227
Total Non-interest income	**243,664**	**506,599**	**129,168**	**256,392**	**254,513**	**490,079**	**141,627**	**279,447**
TOTAL OPERATING INCOME	**653,402**	**1,381,911**	**370,761**	**781,523**	**664,633**	**1,400,669**	**411,003**	**870,410**
OTHER OPERATING EXPENSES								
Loan loss provision	45,805	24,219	29,000	26,347	45,805	31,113	33,962	35,408
Staff costs	195,748	436,162	125,602	268,501	201,314	466,037	144,321	306,938
Directors' emoluments	11,040	23,250	5,100	10,900	11,040	23,410	5,199	11,099
Rental charges	21,993	49,964	11,372	23,168	23,139	54,474	14,220	29,045
Depreciation charge on property and equipment	13,673	30,987	12,707	26,648	13,846	32,590	13,689	28,603
Amortisation charges	3,588	7,973	2,684	5,283	3,939	9,211	3,075	6,025
Other operating expenses	130,247	252,111	81,923	175,367	132,012	258,295	88,945	194,556
Total Other Operating Expenses	**422,094**	**824,666**	**268,389**	**536,214**	**431,095**	**875,130**	**303,409**	**611,673**
Profit/(loss) Before Tax and Exceptional Items	**231,308**	**557,245**	**102,373**	**245,309**	**233,538**	**525,539**	**107,594**	**258,736**
Exceptional Items	-	-	-	-	-	-	-	-
Profit/(Loss) After Exceptional Items	**231,308**	**557,245**	**102,373**	**245,309**	**233,538**	**525,539**	**107,594**	**258,736**
Current Tax	70,758	130,402	30,712	73,593	70,758	147,363	30,712	78,572
Deferred Tax	-	2,960	-	-	-	(2,467)	-	-
Profit/(Loss) After Tax and Exceptional Items	**160,550**	**423,883**	**71,661**	**171,716**	**162,780**	**380,643**	**76,882**	**180,164**
Minority Interest	-	-	-	-	(648)	(1,638)	1,767	3,378
Profit/(loss) after tax, exceptional items and Minority Interest	**160,550**	**423,883**	**71,661**	**171,716**	**163,428**	**382,281**	**75,115**	**176,786**
Other Comprehensive Income								
Gains/(Losses) from translating the financial statements of foreign operations	-	-	-	-	-	(30,808)	17,646	22,233
Fair value changes in available for sale financial assets	-	69,639	(4,919)	4,995	-	69,639	(4,919)	4,995
Revaluation surplus on Property,plant and equipment	-	-	-	-	-	-	-	-
Share of other comprehensive income of associates	-	-	-	-	-	-	-	-
Income tax relating to components of other comprehensive income	-	-	-	-	-	-	-	-
Other Comprehensive Income for the year net of tax	**-**	**69,639**	**(4,919)**	**4,995**	**-**	**38,831**	**12,727**	**27,228**
Total comprehensive income for the year	**160,550**	**493,522**	**66,742**	**176,711**	**162,780**	**419,474**	**89,609**	**207,392**
EARNINGS PER SHARE- BASIC & DILUTED	**1.53**	**4.04**	**0.68**	**1.64**	**1.55**	**3.63**	**0.73**	**1.72**
DIVIDEND PER SHARE -DECLARED	**-**	**0.80**	**-**	**-**	**-**	**0.80**	**-**	**-**
OTHER DISCLOSURES								
NON-PERFORMING LOANS AND ADVANCES								
(a) Gross Non-performing loans and advances	415,483	433,403	435,555	453,856	415,483	433,403	498,758	524,304
(b) Less: Interest in Suspense	**80,131**	**98,308**	**109,490**	**113,838**	**80,131**	**98,308**	**125,164**	**134,219**
(c) Total Non-Performing Loans and Advances (a-b)	335,352	335,095	326,065	340,018	335,352	335,095	373,594	390,085
(d) Less: Loan Loss Provision	138,036	130,326	130,326	94,198	138,036	130,326	152,272	116,842
(e) Net Non-Performing Loans and Advances(c-d)	**197,316**	**204,769**	**195,739**	**245,820**	**197,316**	**204,769**	**221,322**	**273,243**
(f) Discounted Value of Securities	197,316	204,769	195,739	245,820	197,316	204,769	221,322	273,243
(g) Net NPLs Exposure (e-f)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
INSIDER LOANS AND ADVANCES								
(a) Directors, Shareholders and Associates	40,103	39,769	37,351	235,799	40,103	39,769	43,242	240,684
(b) Employees	115,183	161,650	172,358	196,281	115,183	161,650	172,454	196,475
(c) Total Insider Loans and Advances and other facilities	**155,286**	**201,419**	**209,709**	**432,081**	**155,286**	**201,419**	**215,696**	**437,160**
OFF-BALANCE SHEET ITEMS								
(a) Letters of credit,guarantees, acceptances	2,663,489	2,926,305	3,154,505	2,710,864	2,663,489	2,926,305	3,157,650	2,714,064
(b) Forwards, swaps and options	857,629	695,190	1,047,932	1,190,076	857,629	695,190	1,047,932	1,190,076
(c) Other contingent liabilities	855,653	305,819	441,701	946,583	855,653	305,819	441,701	946,583
(d) Total Contingent Liabilities	**4,376,771**	**3,927,314**	**4,644,138**	**4,847,523**	**4,376,771**	**3,927,314**	**4,647,283**	**4,850,723**
CAPITAL STRENGTH								
(a) Core capital	1,611,662	1,644,815	1,475,008	1,525,038	1,611,662	1,644,815	1,475,008	1,525,038
(b) Minimum Statutory Capital	700,000	1,000,000	1,000,000	1,000,000	700,000	1,000,000	1,000,000	1,000,000
(c) Excess//(Dificiency)(a-b)	911,662	644,815	475,008	525,038	911,662	644,815	475,008	525,038
(d) Supplementary Capital	67,780	94,022	94,022	94,022	67,780	94,022	94,022	94,022
(e) Total Capital (a+d)	**1,679,442**	**1,738,837**	**1,569,030**	**1,619,060**	**1,679,442**	**1,738,837**	**1,569,030**	**1,619,060**
(f) Total risk weighted assets	9,805,533	12,078,548	11,490,652	12,284,781	9,805,533	12,078,548	11,490,652	12,284,781
(g) Core Capital/Total deposits Liabilities	**12.8%**	**10.8%**	**9.4%**	**10.079%**	**12.8%**	**10.78%**	**9.41%**	**10.1%**
(h) Minimum statutory Ratio	8.0%	8.0%	8.0%	8.000%	8.0%	8.0%	8.0%	8.0%
(I) Excess//(Deficiency) (g-h)	4.8%	2.8%	1.4%	2.079%	4.8%	2.8%	1.4%	2.1%
(j) Core Capital / total risk weighted assets	**16.4%**	**13.6%**	**12.84%**	**12.414%**	**16.4%**	**13.6%**	**12.8%**	**12.4%**
(k) Minimum Statutory Ratio	8.0%	8.0%	8.0%	8.000%	8.0%	8.0%	8.0%	8.0%
(l) Excess (Deficiency) (j-k)	8.4%	5.6%	4.8%	4.414%	8.4%	5.6%	4.8%	4.4%
(m) Total Capital/total risk weighted assets	**17.1%**	**14.4%**	**13.7%**	**13.179%**	**17.1%**	**14.4%**	**13.7%**	**13.2%**
(n) Minimum statutory Ratio	12.0%	12.0%	12.0%	12.000%	12.0%	12.0%	12.0%	12.0%
(o) Excess//(Deficiency) (m-n)	5.1%	2.4%	1.7%	1.179%	5.1%	2.4%	1.7%	1.2%
LIQUIDITY								
(a) Liquidity Ratio	**41.60%**	**42.50%**	**45.70%**	**42.100%**	**41.60%**	**42.5%**	**45.7%**	**42.10%**
(b) Minimum Statutory Ratio	20.0%	20.0%	20.0%	20.000%	20.0%	20.0%	20.0%	20.0%
(c) Excess (Deficiency) (a-b)	21.6%	22.5%	25.7%	22.100%	21.6%	22.5%	25.7%	22.1%

AUTHORIZATION: The above financial statements and disclosures are extracts of unaudited financial records of the bank.

MESSAGE FROM THE DIRECTORS: The financial statements are extracts from the books of the institution. The complete set of quarterly financial statements, statutory and qualitative disclosures can be accessed on the institution's website www.abcthebank.com. They may also be accessed at the institution's head office located at Mezzanine Floor, ABC Bank Koinange Street.

Signed: Shamaz Savani MANAGING DIRECTOR **Joseph K. Muiruri DIRECTOR**