

**UNAUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES FOR THE PERIOD ENDED 30.09.2013**

		Bank				
		30th Sep	31st Dec	31st March	30th June	30th Sept
		2012	2012	2013	2013	2013
		Shs. '000'	Shs. '000'	Shs. '000'	Shs. '000'	Shs. '000'
		Unaudited	Audited	Unaudited	Unaudited	Unaudited
<b>I STATEMENT OF FINANCIAL POSITION</b>						
<b>A ASSETS</b>						
1	Cash ( both Local & Foreign)					
2	Balances due from Central Bank of Kenya	53,138	42,280	71,624	60,511	86,602
3	Kenya Government and other securities held for dealing purposes	1,604,952	1,001,989	3,163,030	1,275,691	1,097,432
4	Financial Assets at fair value through profit and loss					
5	Investment Securities:					
a	Held to Maturity:					
a	Kenya Government securities	12,742,871	12,759,169	13,481,311	15,567,034	17,363,973
b	Other securities					
b	Available for sale:					
a	Kenya Government securities	457,106	473,564	449,106	468,106	366,382
b	Other securities	457,106	473,564	449,106	468,106	366,382
6	Deposits and balances due from local banking institutions					95,000
7	Deposits and balances due from banking institutions abroad	132,391	116,123	80,590	94,335	410,704
8	Tax recoverable	193,089	263,950	193,950	113,950	18,950
9	Loans and advances to customers (net)	8,630,579	10,014,941	10,202,630	10,056,196	10,247,377
10	Balances due from banking institutions in the group					
11	Investments in associates					
12	Investments in subsidiary companies					
13	Investments in joint ventures					
14	Investment properties					
15	Property and equipment	100,466	106,889	100,535	106,551	103,647
16	Prepaid lease rentals					
17	Intangible assets	3,479	3,459	3,459	3,460	3,460
18	Deferred tax asset	31,324	31,815	31,815	31,815	31,815
19	Retirement benefit asset					
20	Other assets	108,158	62,665	140,276	98,548	59,973
21	<b>TOTAL ASSETS</b>	<b>24,057,553</b>	<b>24,876,824</b>	<b>27,918,326</b>	<b>27,876,197</b>	<b>29,885,315</b>
<b>B LIABILITIES</b>						
22	Balances due to Central Bank of Kenya					
23	Customer deposits	17,544,356	18,282,186	21,395,930	20,946,170	22,842,276
24	Deposits and balances due to local banking institutions	150,000	120,000			
25	Deposits and balances due to foreign banking institutions	2,431,491	2,239,051	2,051,752	2,080,085	2,107,045
26	Other money market deposits					
27	Borrowed funds					
28	Balances due to banking institutions in the group					
29	Tax payable					
30	Dividends payable	85,805	86,988	86,988	86,988	86,988
31	Deferred tax liability	105,733	85,179	126,388	219,965	80,967
32	Retirement benefit liability					
33	Other liabilities					
34	<b>TOTAL LIABILITIES</b>	<b>20,317,385</b>	<b>20,813,404</b>	<b>23,661,058</b>	<b>23,333,208</b>	<b>25,117,276</b>
<b>C SHAREHOLDERS' FUNDS</b>						
35	Paid up /Assigned capital	450,000	450,000	450,000	450,000	450,000
36	Share premium/(discount)					
37	Revaluation reserves	(27,000)	(27,000)	(35,000)	(16,000)	(20,000)
38	Retained earnings/Accumulated losses	3,229,168	3,539,420	3,730,768	4,005,989	4,225,039
39	Statutory loan loss reserves	88,000	101,000	111,500	103,000	113,000
40	Other Reserves					
41	Proposed dividends					
42	Capital grants					
43	<b>TOTAL SHAREHOLDERS' FUNDS</b>	<b>3,740,168</b>	<b>4,063,420</b>	<b>4,257,268</b>	<b>4,542,989</b>	<b>4,768,039</b>
44	<b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>24,057,553</b>	<b>24,876,824</b>	<b>27,918,326</b>	<b>27,876,197</b>	<b>29,885,315</b>

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		Unaudited	Audited	Unaudited	Unaudited	Unaudited
<b>II STATEMENT OF COMPREHENSIVE INCOME</b>						
<b>1.0 INTEREST INCOME</b>						
1.1	Loans and advances	1,003,029	1,317,879	318,003	655,239	952,367
1.2	Government securities	1,134,754	1,497,747	350,795	756,765	1,220,349
1.3	Deposits and placements with banking institutions	14,659	24,085	26,567	49,738	56,341
1.4	Other Interest Income	3,711	640	80	80	284
1.5	<b>Total interest income</b>	<b>2,156,153</b>	<b>2,840,251</b>	<b>695,445</b>	<b>1,461,822</b>	<b>2,229,341</b>
<b>2.0 INTEREST EXPENSE</b>						
2.1	Customer deposits	1,643,803	2,010,837	367,200	727,154	1,107,186
2.2	Deposits and placement from banking institutions	29,228	48,538	13,412	26,632	38,047
2.3	Other interest expenses					
2.4	<b>Total interest expenses</b>	<b>1,673,031</b>	<b>2,059,375</b>	<b>380,612</b>	<b>753,786</b>	<b>1,145,233</b>
3.0	<b>NET INTEREST INCOME/(LOSS)</b>	<b>483,122</b>	<b>780,876</b>	<b>314,833</b>	<b>708,036</b>	<b>1,084,108</b>
<b>4.0 NON-INTEREST INCOME</b>						
4.1	Fees and commissions on loans and advances	54,342	79,356	18,342	30,607	49,062
4.2	Other fees and commissions	42,806	54,924	11,082	26,528	40,802
4.3	Foreign exchange trading income/(Loss)	18,792	25,399	7,044	14,642	22,110
4.4	Dividend Income					
4.5	Other income	19,036	25,598	15,479	23,124	28,882
4.6	<b>Total Non-interest income</b>	<b>134,776</b>	<b>185,277</b>	<b>51,947</b>	<b>94,901</b>	<b>140,656</b>
5.0	<b>TOTAL OPERATING INCOME</b>	<b>617,898</b>	<b>966,153</b>	<b>366,780</b>	<b>802,937</b>	<b>1,224,764</b>
<b>6.0 OTHER OPERATING EXPENSES</b>						
6.1	Loan loss provision	20,550	18,899	2,410	6,203	9,792
6.2	Staff costs	126,344	172,132	39,976	82,767	129,610
6.3	Directors' emoluments					
6.4	Rental charges	9,596	13,078	3,472	7,259	11,086
6.5	Depreciation charge on property and equipment	8,916	12,761	3,459	6,828	10,221
6.6	Amortisation charges					
6.7	Other operating expenses	97,305	142,196	45,615	81,311	121,436
6.8	<b>Total Other Operating Expenses</b>	<b>262,711</b>	<b>358,066</b>	<b>94,932</b>	<b>184,368</b>	<b>282,145</b>
7.0	<b>Profit/(loss) before tax and exceptional items</b>	<b>355,187</b>	<b>607,087</b>	<b>271,848</b>	<b>618,569</b>	<b>942,619</b>
8.0	Exceptional items					
9.0	<b>Profit/(loss) after exceptional items</b>	<b>355,187</b>	<b>607,087</b>	<b>271,848</b>	<b>618,569</b>	<b>942,619</b>
10.0	Current tax	110,000	39,139	70,000	150,000	245,000
11.0	Deferred tax		(492)			
12.0	<b>Profit/(loss) after tax and exceptional items</b>	<b>245,187</b>	<b>568,440</b>	<b>201,848</b>	<b>468,569</b>	<b>697,619</b>
13.0	<b>Other Comprehensive Income</b>					
13.1	Gains/(Losses) from translating the financial statements of foreign operations					
13.2	Fair value changes in available for sale financial assets					
13.3	Revaluation surplus on Property, plant and equipment	112,000	117,000	(8,000)	11,000	7,000
13.4	Share of other comprehensive income of associates					
13.5	Income tax relating to components of other comprehensive income					
14.0	<b>Other Comprehensive Income for the year net of tax</b>	<b>112,000</b>	<b>117,000</b>	<b>(8,000)</b>	<b>11,000</b>	<b>7,000</b>
15.0	<b>Total comprehensive income for the year</b>	<b>357,187</b>	<b>685,440</b>	<b>193,848</b>	<b>479,569</b>	<b>704,619</b>
<b>16.0 EARNINGS PER SHARE- BASIC &amp; DILUTED</b>						
<b>17.0 DIVIDEND PER SHARE -DECLARED</b>						

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<b>III OTHER DISCLOSURES</b>						
<b>1.0 NON-PERFORMING LOANS AND ADVANCES</b>						
(a)	Gross Non-performing loans and advances	160,993	157,993	157,298	149,625	149,581
(b)	Less: Interest in Suspense	340	340	340	340	340
(c)	<b>Total Non-Performing Loans and Advances (a-b)</b>	<b>160,653</b>	<b>157,653</b>	<b>156,958</b>	<b>149,285</b>	<b>149,241</b>
(d)	Less: Loan Loss Provision	118,392	116,740	118,609	114,011	117,600
(e)	<b>Net Non-Performing Loans and Advances(c-d)</b>	<b>42,261</b>	<b>40,913</b>	<b>38,349</b>	<b>35,274</b>	<b>31,641</b>
(f)	Discounted Value of Securities	42,261	40,913	38,349	35,274	31,641
(g)	<b>Net NPLs Exposure (e-f)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2.0 INSIDER LOANS AND ADVANCES</b>						
(a)	Directors, Shareholders and Associates					
(b)	Employees	34,314	30,066	32,755	33,186	33,897
(c)	<b>Total Insider Loans and Advances and other facilities</b>	<b>34,314</b>	<b>30,066</b>	<b>32,755</b>	<b>33,186</b>	<b>33,897</b>
<b>3.0 OFF-BALANCE SHEET ITEMS</b>						
(a)	Letters of credit, guarantees, acceptances	2,088,570	2,149,148	2,238,423	2,211,046	1,538,269
(b)	Forwards, swaps and options					
(c)	Other contingent liabilities	618,943	509,468	470,058	507,973	589,212
(d)	<b>Total Contingent Liabilities</b>	<b>2,707,513</b>	<b>2,658,616</b>	<b>2,708,481</b>	<b>2,719,019</b>	<b>2,127,481</b>
<b>4.0 CAPITAL STRENGTH</b>						
(a)	Core capital	3,556,575	3,989,421	4,079,844	4,189,890	4,294,415
(b)	Minimum Statutory Capital	700,000	1,000,000	1,000,000	1,000,000	1,000,000
(c)	Excess/(Deficiency)(a-b)	2,856,575	2,989,421	3,079,844	3,189,890	3,294,415
(d)	Supplementary Capital	88,000	101,000	111,500	103,000	113,000
(e)	<b>Total Capital (a+d)</b>	<b>3,644,575</b>	<b>4,090,421</b>	<b>4,191,344</b>	<b>4,292,890</b>	<b>4,407,415</b>
(f)	Total risk weighted assets	8,602,094	10,095,613	12,361,458	12,131,863	11,409,993
(g)	<b>Core Capital/Total deposits Liabilities</b>	<b>20.3%</b>	<b>21.8%</b>	<b>19.1%</b>	<b>20.0%</b>	<b>18.8%</b>
(h)	Minimum statutory Ratio	8.0%	8.0%	8.0%	8.0%	8.0%
(i)	Excess/(Deficiency) (g-h)	12.3%	13.8%	11.1%	12.0%	10.8%
(j)	<b>Core Capital / total risk weighted assets</b>	<b>41.3%</b>	<b>39.5%</b>	<b>33.0%</b>	<b>34.5%</b>	<b>37.6%</b>
(k)	Minimum Statutory Ratio	8.0%	8.0%	8.0%	8.0%	8.0%
(l)	Excess (Deficiency) (j-k)	33.3%	31.5%	25.0%	26.5%	29.6%
(m)	<b>Total Capital/total risk weighted assets</b>	<b>42.4%</b>	<b>40.5%</b>	<b>33.3%</b>	<b>35.4%</b>	<b>38.6%</b>
(n)	Minimum statutory Ratio	12.0%	12.0%	12.0%	12.0%	12.0%
(o)	Excess/(Deficiency) (m-n)	30.4%	28.5%	21.3%	23.4%	26.6%
<b>5 LIQUIDITY</b>						
(a)	<b>Liquidity Ratio</b>	<b>70.9%</b>	<b>65.9%</b>	<b>67.0%</b>	<b>73.5%</b>	<b>75.8%</b>
(b)	Minimum Statutory Ratio	20.0%	20.0%	20.0%	20.0%	20.0%
(c)	Excess (Deficiency) (a-b)	50.9%	45.9%	47.0%	53.5%	55.8%

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