

**KENYA COMMERCIAL BANK GROUP**  
**UN AUDITED QUARTERLY FINANCIAL STATEMENTS AND OTHER DISCLOSURES FOR THE PERIOD ENDED 30TH JUNE 2013**

	BANK				GROUP CONSOLIDATED			
	30-Jun-12 Kshs 000 Un-Audited	31-Dec-12 Kshs 000 Audited	31-Mar-13 Kshs 000 Un-Audited	30-Jun-13 Kshs 000 Un-Audited	30-Jun-12 Kshs 000 Un-Audited	31-Dec-12 Kshs 000 Audited	31-Mar-13 Kshs 000 Un-Audited	30-Jun-13 Kshs 000 Un-Audited
<b>I STATEMENT OF FINANCIAL POSITION</b>								
<b>A ASSETS</b>								
1 Cash ( both Local & Foreign)	5,386,544	7,486,203	6,745,779	6,051,699	11,949,335	14,941,781	13,982,559	14,010,794
2 Balances due from Central Bank of Kenya	17,211,657	11,422,492	25,457,733	12,550,051	17,211,657	11,422,492	25,457,733	12,550,051
3 Kenya Government and other securities held for dealing purposes	1,271,394	2,923,263	2,298,486	8,371,984	1,271,394	2,923,263	2,298,486	8,371,984
4 Financial Assets at fair value through profit and loss	-	-	-	-	-	-	-	-
5 Investment securities: a) Held to Maturity: a. Kenya Government securities	48,837,454	51,095,443	40,790,439	43,063,620	48,837,454	51,095,443	40,790,439	43,063,620
b. Other securities	-	-	-	-	2,565,680	19,355,721	19,507,521	20,296,610
b) Available for sale: a. Kenya Government securities	8,329,257	13,618,250	13,321,940	16,479,741	8,329,257	13,618,250	13,321,940	16,479,741
b. Other securities	2,391,451	2,298,627	2,295,925	2,258,690	2,391,451	2,298,627	2,295,925	2,258,690
6 Deposits and balances due from local banking institutions	2,000,000	-	2,800,000	-	2,000,000	-	2,800,000	-
7 Deposits and balances due from banking institutions abroad	9,145,926	4,491,511	2,627,432	3,859,339	37,583,074	20,477,204	16,730,523	18,454,592
8 Tax recoverable	-	-	-	734,770	11,117	10,598	10,598	734,770
9 Loans and advances to customers (net)	180,872,209	187,022,664	186,542,815	185,772,742	202,067,619	211,664,226	211,859,383	214,084,969
10 Balances due from group companies	-	-	-	-	-	-	-	-
11 Investments in associates	125	125	125	125	-	-	-	-
12 Investments in subsidiary companies	9,348,461	9,484,504	9,777,222	9,777,226	-	-	-	-
13 Investments in joint ventures	-	-	-	-	-	-	-	-
14 Investment properties	-	-	-	-	-	-	-	-
15 Property and equipment	5,452,221	5,617,823	5,581,385	5,505,094	8,223,659	8,895,573	8,806,968	8,832,842
16 Prepaid lease rentals	142,405	141,993	141,786	141,579	144,671	146,941	143,966	145,144
17 Intangible assets	1,295,779	1,140,932	987,195	1,010,787	1,335,019	1,173,945	987,195	1,037,757
18 Deferred tax asset	813,951	1,934,023	1,934,023	1,879,800	1,254,640	2,330,118	2,291,702	1,926,892
19 Retirement benefit asset	-	-	-	-	-	-	-	-
20 Other assets	3,079,271	5,434,454	6,728,941	6,074,597	4,099,666	7,025,103	8,259,935	8,662,559
<b>21 TOTAL ASSETS</b>	<b>295,578,105</b>	<b>304,112,307</b>	<b>308,031,226</b>	<b>303,531,844</b>	<b>349,275,693</b>	<b>367,379,285</b>	<b>369,544,873</b>	<b>370,911,015</b>
<b>B LIABILITIES</b>								
22 Balances due to Central Bank of Kenya	-	-	-	-	-	-	-	-
23 Customer deposits	222,829,739	223,493,278	224,508,353	220,297,871	278,544,999	288,037,367	287,317,169	287,721,186
24 Deposits and balances due to local banking institutions	5,817,949	6,259,610	6,302,330	10,736,867	5,817,949	6,259,610	6,302,330	10,736,867
25 Deposits and balances due to foreign banking institutions	2,968,202	2,002,268	2,663,420	1,781,627	5,279,947	3,073,979	3,141,921	2,744,526
26 Other money market deposits	-	-	-	-	-	-	-	-
27 Borrowed funds	8,430,000	8,615,000	8,565,000	7,804,545	8,430,000	8,923,312	8,952,214	8,207,744
28 Balances due to group companies	5,981,710	5,685,248	4,828,561	4,467,018	-	-	-	-
29 Tax payable	336,481	1,713,284	2,810,365	-	447,510	1,813,086	2,820,645	210,068
30 Dividends payable	-	-	-	-	-	-	-	-
31 Deferred tax liability	-	-	-	-	-	-	-	-
32 Retirement benefit liability	-	-	-	-	-	-	-	-
33 Other liabilities	2,306,466	3,417,394	3,224,705	3,836,824	4,327,760	5,932,372	5,846,554	5,461,025
<b>34 TOTAL LIABILITIES</b>	<b>248,670,547</b>	<b>251,186,082</b>	<b>252,902,734</b>	<b>248,924,752</b>	<b>302,848,165</b>	<b>314,039,726</b>	<b>314,380,833</b>	<b>315,081,416</b>
<b>C SHAREHOLDERS' FUNDS</b>								
35 Paid up /Assigned capital	2,968,746	2,970,340	2,970,340	2,984,228	2,968,746	2,970,340	2,970,340	2,984,228
36 Share premium/(discount)	18,891,221	18,921,568	18,921,568	19,230,561	18,891,221	18,921,568	18,921,568	19,230,561
37 Revaluation reserves	(345,664)	(84,815)	(442,404)	588,613	(1,106,126)	(579,189)	(1,788,327)	24,749
38 Retained earnings/ Accumulated losses	23,876,119	22,675,602	25,235,458	28,775,834	23,807,594	23,231,666	26,265,285	30,210,561
39 Statutory loan loss reserve	1,517,136	2,799,884	2,799,884	3,027,856	1,866,093	3,151,528	3,151,528	3,379,500
40 Other Reserves	-	-	-	-	-	-	-	-
41 Proposed dividends	-	5,643,646	5,643,646	-	-	5,643,646	5,643,646	-
42 Capital grants	-	-	-	-	-	-	-	-
<b>43 TOTAL SHAREHOLDERS' FUNDS</b>	<b>46,907,558</b>	<b>52,926,225</b>	<b>55,128,492</b>	<b>54,607,092</b>	<b>46,427,528</b>	<b>53,339,559</b>	<b>55,164,040</b>	<b>55,829,599</b>
44 Minority Interest	-	-	-	-	-	-	-	-
<b>45 TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>295,578,105</b>	<b>304,112,307</b>	<b>308,031,226</b>	<b>303,531,844</b>	<b>349,275,693</b>	<b>367,379,285</b>	<b>369,544,873</b>	<b>370,911,015</b>

II STATEMENT OF COMPREHENSIVE INCOME	BANK				GROUP CONSOLIDATED			
	30-Jun-12 Kshs 000 Un-Audited	31-Dec-12 Kshs 000 Audited	31-Mar-13 Kshs 000 Un-Audited	30-Jun-13 Kshs 000 Un-Audited	30-Jun-12 Kshs 000 Un-Audited	31-Dec-12 Kshs 000 Audited	31-Mar-13 Kshs 000 Un-Audited	30-Jun-13 Kshs 000 Un-Audited
<b>1 INTEREST INCOME</b>								
1.1 Loans and advances	15,250,708	30,763,441	6,766,194	13,818,478	16,805,886	33,973,438	7,666,151	15,695,580
1.2 Government securities	3,159,375	7,109,907	1,478,658	3,956,998	3,350,161	7,648,656	1,717,385	4,452,151
1.3 Deposits and placements with banking institutions	346,336	553,257	180,258	311,545	450,491	807,968	238,727	422,784
1.4 Other Interest Income	-	471,695	115,235	-	-	652,156	120,394	-
<b>1.5 Total interest income</b>	<b>18,756,419</b>	<b>38,898,300</b>	<b>8,540,345</b>	<b>18,087,021</b>	<b>20,606,538</b>	<b>43,082,218</b>	<b>9,742,657</b>	<b>20,570,515</b>
<b>2 INTEREST EXPENSE</b>								
2.1 Customer deposits	5,170,275	10,107,639	1,745,509	3,237,219	5,712,996	11,229,319	2,091,870	3,937,213
2.2 Deposits and placement from banking institutions	498,707	996,501	257,621	539,712	583,601	1,216,667	276,464	580,072
2.3 Other interest expenses	-	-	-	-	-	-	-	-
<b>2.4 Total interest expenses</b>	<b>5,668,982</b>	<b>11,104,140</b>	<b>2,003,130</b>	<b>3,776,931</b>	<b>6,296,597</b>	<b>12,445,986</b>	<b>2,368,334</b>	<b>4,517,285</b>
<b>3 NET INTEREST INCOME/(LOSS)</b>	<b>13,087,437</b>	<b>27,794,160</b>	<b>6,537,215</b>	<b>14,310,090</b>	<b>14,309,941</b>	<b>30,636,232</b>	<b>7,374,323</b>	<b>16,053,230</b>
<b>4 NON-OPERATING INCOME</b>								
4.1 Fees and commissions on loans and advances	1,985,416	2,883,552	777,974	1,575,588	2,865,991	3,718,064	864,716	1,722,570
4.2 Other fees and commissions	1,361,086	3,920,941	939,482	1,919,180	1,766,197	5,894,921	1,562,592	3,312,781
4.3 Foreign exchange trading income	972,077	1,681,984	475,092	860,264	1,907,569	3,688,137	1,046,256	1,776,669
4.4 Dividend Income	478	13,709	24	24	478	13,709	24	24
4.5 Other income	1,032,406	2,147,133	518,472	1,044,685	1,049,912	2,306,055	548,743	1,131,452
<b>4.6 Total non-interest income</b>	<b>5,351,463</b>	<b>10,647,319</b>	<b>2,711,044</b>	<b>5,399,741</b>	<b>7,590,147</b>	<b>15,620,886</b>	<b>4,022,331</b>	<b>7,943,496</b>
<b>5 TOTAL OPERATING INCOME</b>	<b>18,438,900</b>	<b>38,441,479</b>	<b>9,248,259</b>	<b>19,709,831</b>	<b>21,900,088</b>	<b>46,257,118</b>	<b>11,396,654</b>	<b>23,996,726</b>
<b>6 OTHER OPERATING EXPENSES</b>								
6.1 Loan loss provision	1,200,037	3,120,185	395,762	870,942	1,447,268	3,756,642	573,774	1,212,258
6.2 Staff costs	4,998,036	9,781,045	3,031,339	5,262,158	5,969,962	11,861,196	3,563,050	6,384,615
6.3 Directors' emoluments	68,981	127,913	57,146	78,494	98,955	171,559	92,335	102,554
6.4 Rental charges	158,525	372,408	102,314	173,277	534,166	1,159,033	263,704	468,251
6.5 Depreciation charge on property and equipment	621,060	1,249,952	315,417	626,083	841,416	1,755,273	460,278	927,050
6.6 Amortisation charges	263,559	526,680	131,281	271,175	273,630	538,926	140,488	277,219
6.7 Other operating expenses	3,252,932	7,507,405	1,558,063	3,408,319	4,230,883	9,806,346	2,040,363	4,528,357
<b>6.8 Total other operating expenses</b>	<b>10,563,130</b>	<b>22,685,588</b>	<b>5,591,322</b>	<b>10,690,448</b>	<b>13,396,280</b>	<b>29,048,975</b>	<b>7,133,992</b>	<b>13,900,304</b>
<b>7 Profit/(loss) before tax and exceptional items</b>	<b>7,875,770</b>	<b>15,755,891</b>	<b>3,656,937</b>	<b>9,019,383</b>	<b>8,503,808</b>	<b>17,208,143</b>	<b>4,262,662</b>	<b>10,096,422</b>
8 Exceptional items	-	-	-	-	-	-	-	-
<b>9 Profit/(loss) after exceptional items</b>	<b>7,875,770</b>	<b>15,755,891</b>	<b>3,656,937</b>	<b>9,019,383</b>	<b>8,503,808</b>	<b>17,208,143</b>	<b>4,262,662</b>	<b>10,096,422</b>
10 Current tax	(2,483,793)	(5,993,747)	(1,097,081)	(2,651,592)	(2,616,958)	(6,296,080)	(1,190,627)	(2,500,964)
11 Deferred tax	207,623	1,327,695	-	(54,223)	199,164	1,291,468	(38,416)	(403,226)
<b>12 Profit/(loss) after tax and exceptional items</b>	<b>5,599,600</b>	<b>11,089,839</b>	<b>2,559,856</b>	<b>6,313,568</b>	<b>6,086,014</b>	<b>12,203,531</b>	<b>3,033,619</b>	<b>7,192,232</b>
13 Minority Interest	-	-	-	-	-	-	-	-
<b>14 Profit/(loss) after tax and exceptional items and Minority Interest</b>	<b>5,599,600</b>	<b>11,089,839</b>	<b>2,559,856</b>	<b>6,313,568</b>	<b>6,086,014</b>	<b>12,203,531</b>	<b>3,033,619</b>	<b>7,192,232</b>
<b>15 Other Comprehensive income:</b>								
15.1 Gains/(Losses) from translating the financial statements of foreign operations	-	-	-	-	(168,815)	97,273	(851,549)	(69,490)
15.2 Fair value changes in available-for-sale financial assets	1,637,482	1,898,331	(357,589)	673,428	1,637,482	1,898,331	(357,589)	673,428
<b>16 Other comprehensive income for the year net of tax</b>	<b>1,637,482</b>	<b>1,898,331</b>	<b>(357,589)</b>	<b>673,428</b>	<b>1,468,667</b>	<b>1,995,604</b>	<b>(1,209,138)</b>	<b>603,938</b>
<b>17 Total comprehensive income for the year</b>	<b>7,237,082</b>	<b>12,988,170</b>	<b>2,202,267</b>	<b>6,986,996</b>	<b>7,554,681</b>	<b>14,199,135</b>	<b>1,824,481</b>	<b>7,796,170</b>
<b>18 EARNINGS PER SHARE- DILUTED &amp; BASIC KSHS</b>	<b>3.77</b>	<b>3.74</b>	<b>3.45</b>	<b>4.23</b>	<b>4.10</b>	<b>4.11</b>	<b>4.09</b>	<b>4.82</b>
<b>19 DIVIDEND PER SHARE - DECLARED KSHS</b>		<b>1.90</b>				<b>1.90</b>		

III OTHER DISCLOSURES	BANK				GROUP CONSOLIDATED			
	30-Jun-12 Kshs 000 Un-Audited	31-Dec-12 Kshs 000 Audited	31-Mar-13 Kshs 000 Un-Audited	30-Jun-13 Kshs 000 Un-Audited	30-Jun-12 Kshs 000 Un-Audited	31-Dec-12 Kshs 000 Audited	31-Mar-13 Kshs 000 Un-Audited	30-Jun-13 Kshs 000 Un-Audited
<b>1 NON-PERFORMING LOANS AND ADVANCES</b>								
a) Gross Non-performing loans and advances	11,428,338	12,019,204	13,306,631	16,064,951	13,140,556	14,750,335	16,130,777	18,654,240
b) Less Interest in Suspense	1,514,094	1,543,869	1,659,104	1,527,283	1,625,010	1,816,184	1,936,578	1,851,909
<b>c) Total Non-Performing Loans and Advances (a-b)</b>	<b>9,914,244</b>	<b>10,475,335</b>	<b>11,647,527</b>	<b>14,537,668</b>	<b>11,515,546</b>	<b>12,934,151</b>	<b>14,194,199</b>	<b>16,802,331</b>
d) Less Loan Loss Provision	5,556,106	6,852,370	6,750,614	7,251,265	6,415,385	7,599,324	6,697,735	7,985,846
<b>e) Net Non-Performing Loans and Advances(c-d)</b>	<b>4,358,138</b>	<b>3,622,965</b>	<b>4,896,913</b>	<b>7,286,403</b>	<b>5,100,161</b>	<b>5,334,827</b>	<b>7,496,464</b>	<b>8,816,485</b>
f) Discounted Value of Securities	2,817,334	2,279,721	2,687,390	6,509,727	3,559,357	3,991,583	5,286,941	8,039,808
<b>g) Net NPLs Exposure (e-f)</b>	<b>1,540,804</b>	<b>1,343,244</b>	<b>2,209,523</b>	<b>776,676</b>	<b>1,540,804</b>	<b>1,343,244</b>	<b>2,209,523</b>	<b>776,677</b>
<b>2 INSIDER LOANS AND ADVANCES</b>								
a) Directors, Shareholders and Associates	1,694,438	403,996	1,181,118	760,059	1,781,401	539,240	1,316,362	983,175
b) Employees	6,102,116	7,069,329	7,234,683	6,971,542	6,386,797	7,772,246	7,937,600	7,695,999
<b>c) Total Insider Loans and Advances and other facilities</b>	<b>7,796,554</b>	<b>7,473,325</b>	<b>8,415,801</b>	<b>7,731,601</b>	<b>8,168,198</b>	<b>8,311,486</b>	<b>9,253,962</b>	<b>8,679,174</b>
<b>3 OFF-BALANCE SHEET ITEMS</b>								
a) Letters of credit, guarantees, acceptances	91,988,192	100,674,117	87,713,049	87,908,981	93,054,286	102,024,865	88,563,075	89,708,638
b) Forwards, swaps and options	32,912,033	26,577,095	29,357,968	16,642,503	33,174,540	28,343,231	29,858,690	16,916,595
c) Other contingent liabilities	-	-	-	-	-	-	-	-
<b>d) Total Contingent Liabilities</b>	<b>124,900,225</b>	<b>127,251,212</b>	<b>117,071,017</b>	<b>104,551,484</b>	<b>126,228,826</b>	<b>130,368,096</b>	<b>118,421,765</b>	<b>106,625,233</b>
<b>4 CAPITAL STRENGTH</b>								
a) Core capital	34,986,471	42,125,397	43,112,606	39,455,356				
b) Minimum Statutory Capital	700,000	1,000,000	1,000,000	1,000,000				
c) Excess (a-b)	<b>34,286,471</b>	<b>41,125,397</b>	<b>42,112,606</b>	<b>38,455,356</b>				
d) Supplementary Capital	1,517,136	2,799,884	2,799,884	10,832,401				
<b>e) Total Capital (a+d)</b>	<b>36,503,607</b>	<b>44,925,281</b>	<b>45,912,490</b>	<b>50,287,757</b>				
f) Total risk weighted assets	190,337,233	197,733,995	196,100,079	238,940,498				
<b>g) Core Capital/Total deposits Liabilities</b>	<b>15.7%</b>	<b>18.8%</b>	<b>19.2%</b>	<b>17.9%</b>				
h) Minimum statutory Ratio	8%	8%	8%	10.5%				
i) Excess	7.7%	10.8%	11.2%	7.4%				
<b>j) Core Capital / total risk weighted assets</b>	<b>18.4%</b>	<b>21.3%</b>	<b>22.0%</b>	<b>16.5%</b>				
k) Minimum Statutory Ratio	8%	8%	8%	10.5%				
l) Excess (j-k)	10.4%	13.3%	14.0%	6.0%				
<b>m) Total Capital/total risk weighted assets</b>	<b>19.2%</b>	<b>22.7%</b>	<b>23.4%</b>	<b>21.0%</b>				
n) Minimum statutory Ratio	12%	12%	12%	14.5%				
o) Excess (m-n)	7.2%	10.7%	11.4%	6.5%				
<b>5 LIQUIDITY</b>								
a) Liquidity Ratio	<b>34.9%</b>	<b>35.9%</b>	<b>37.1%</b>	<b>33.7%</b>				
b) Minimum Statutory Ratio	20.0%	20.0%	20.0%	20.0%				
c) Excess (a-b)	<b>14.9%</b>	<b>15.9%</b>	<b>17.1%</b>	<b>13.7%</b>				

#### INTERIM DIVIDEND

The Directors do not recommend payment of interim dividend.

#### MESSAGE FROM THE DIRECTORS

These 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 institutions website [www.kcbbankgroup.com](http://www.kcbbankgroup.com). They may also be accessed at the institutions head office located at Kencom House, Moi avenue

Ngengy Biwott- Chairman

Joshua Oigara- Chief Executive Officer