

## AUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES AS AT 31ST DECEMBER 2008

BALANCE SHEET		
	31st Dec, 2008	31st Dec, 2007
	Audited	Audited
	Shs '000	Shs '000
<b>1 ASSETS</b>		
1.1 Cash ( both Local & Foreign)	112,048	54,118
1.2 Balances due from Central Bank of Kenya	33,265	451,024
1.3 Kenya Government securities		
1.4 Foreign Currency Treasury Bills & Bonds		
1.5 Deposits and balances due from local banking institutions	222,000	
1.6 Deposits and balances due from banking institutions abroad	55,705	44,353
1.7 Kenya Government and other securities held for dealing purposes	59,283	59,088
1.8 Tax recoverable		1,170
1.9 Loans and advances to customers (net)	957,275	748,352
1.10 Investment securities		
1.11 Balances due from group companies		
1.12 Investments in associates		
1.13 Investments in subsidiary companies		
1.14 Investments in joint ventures		
1.15 Investment properties		
1.16 Property and equipment	38,378	35,228
1.17 Prepaid lease rentals		
1.18 Intangible assets	4,195	2,195
1.19 Deferred tax asset		7,657
1.20 Retirement benefit asset		
1.21 Other assets	156,997	140,698
1.22 <b>TOTAL ASSETS</b>	<b>1,639,146</b>	<b>1,543,883</b>
<b>2 LIABILITIES</b>		
2.1 Balances due to Central Bank of Kenya		
2.2 Customer deposits	1,031,794	999,697
2.3 Deposits and balances due to local banking institutions		
2.4 Deposits and balances due to foreign banking institutions		27,060
2.5 Other money market deposits		
2.6 Borrowed funds		
2.7 Balances due to group companies		
2.8 Tax payable	1,526	
2.9 Dividends payable		
2.10 Deferred tax liability	71	
2.11 Retirement benefit liability		
2.12 Other liabilities	194,869	113,790
2.13 <b>TOTAL LIABILITIES</b>	<b>1,228,260</b>	<b>1,140,547</b>
<b>3 SHAREHOLDERS' FUNDS</b>		
3.1 Paid up /Assigned capital	362,388	362,388
3.2 Share premium		
3.3 Revaluation reserves		
3.4 Retained earnings	33,670	40,948
3.5 Statutory loan reserves	14,828	
3.6 Proposed dividends		
3.7 Capital grants		
3.8 <b>TOTAL SHAREHOLDERS' FUNDS</b>	<b>410,886</b>	<b>403,336</b>
3.9 <b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>1,639,146</b>	<b>1,543,883</b>

PROFIT AND LOSS ACCOUNT			
	31st Dec, 2008	31st Dec, 2007	
	Audited	Audited	
	Shs '000	Shs '000	
<b>4 INTEREST INCOME</b>			
4.1 Loans and advances	170,346	117,479	
4.2 Government securities	4,724	5,506	
4.3 Deposits and placements with banking institutions	13,282	19,121	
4.4 Other Interest Income			
4.5 <b>Total interest income</b>	<b>188,352</b>	<b>142,106</b>	
<b>5 INTEREST EXPENSE</b>			
5.1 Customer deposits	12,765	16,274	
5.2 Deposits and placement from banking institutions	1,011	436	
5.3 Other interest expenses			
5.4 <b>Total interest expenses</b>	<b>13,776</b>	<b>16,710</b>	
5.5 <b>NET INTEREST INCOME</b>	<b>174,576</b>	<b>125,396</b>	
<b>6 OTHER OPERATING INCOME</b>			
6.1 Fees and commissions on loans and advances			
6.2 Other fees and commissions	60,190	45,753	
6.3 Foreign exchange trading income	31,998	28,409	
6.4 Dividend Income			
6.5 Other income		38,119	
6.6 <b>Total non-interest income</b>	<b>92,189</b>	<b>112,281</b>	
6.7 <b>TOTAL OPERATING INCOME</b>	<b>266,765</b>	<b>237,677</b>	
<b>7 OPERATING EXPENSES</b>			
7.1 Loan loss provision	107,311	99,981	
7.2 Staff costs	53,155	37,525	
7.3 Directors' emoluments	12,406	5,651	
7.4 Rental charges	15,768	12,700	
7.5 Depreciation charge on property and equipment	11,688	13,140	
7.6 Amortisation charges	1,099	5,842	
7.7 Other operating expenses	58,630	49,160	
7.8 <b>Total operating expenses</b>	<b>260,055</b>	<b>223,999</b>	
7.9 <b>Profit before tax and exceptional items</b>	<b>6,710</b>	<b>13,678</b>	
7.10 Exceptional items			
7.11 Profit after exceptional items	6,710	13,678	
7.12 Current tax	4,338	10,222	
7.13 Deferred tax	(867)	(2,459)	
7.14 <b>Profit after tax and exceptional items</b>	<b>3,239</b>	<b>5,915</b>	
<b>8 EARNINGS PER SHARE- BASIC &amp; DILUTED</b>			
<b>9 DIVIDEND PER SHARE -DECLARED</b>			

OTHER DISCLOSURES			
	31st Dec, 2008	31st Dec, 2007	
	Audited	Audited	
	Shs '000	Shs '000	
<b>10 NON-PERFORMING LOANS AND ADVANCES</b>			
10.1 (a) Gross Non-performing loans and advances	687,713	757,040	
10.2 (b) Less Interest in Suspense	242,519	329,910	
10.3 (c) <b>Total Non-Performing Loans and Advances (a-b)</b>	<b>445,194</b>	<b>427,130</b>	
10.4 (d) Less Loan Loss Provision	285,084	205,394	
10.5 (e) <b>Net Non-Performing Loans and Advances(c-d)</b>	<b>160,110</b>	<b>221,736</b>	
10.6 (f) Discounted Value of Securities	160,110	163,509	
10.7 (g) <b>Net NPLs Exposure (e-f)</b>	<b>-</b>	<b>58,227</b>	
<b>11 INSIDER LOANS AND ADVANCES</b>			
11.1 (a) Directors, Shareholders and Associates	86,646	80,429	
11.2 (b) Employees	6,264	4,556	
11.3 (c) <b>Total Insider Loans and Advances and other facilities</b>	<b>92,910</b>	<b>84,985</b>	
<b>12 OFF-BALANCE SHEET ITEMS</b>			
12.1 (a) Letters of credit, guarantees, acceptances	344,843	433,039	
12.2 (b) Other contingent liabilities			
12.3 (c) <b>Total Contingent Liabilities</b>	<b>344,843</b>	<b>433,039</b>	
<b>13 CAPITAL STRENGTH</b>			
13.1 (a) Core capital	396,058	394,788	
13.2 (b) Minimum Statutory Capital	250,000	250,000	
13.3 (c) Excess (a-b)	146,058	144,788	
13.4 (d) Supplementary Capital	14,828	12,859	
13.5 (e) <b>Total Capital (a+d)</b>	<b>410,886</b>	<b>407,647</b>	
13.6 (f) Total risk weighted assets	1,551,632	1,337,919	
13.7 (g) <b>Core Capital/Total deposits Liabilities</b>	<b>38.4%</b>	<b>39.50%</b>	
13.8 (h) Minimum statutory Ratio	8.0%	8.0%	
13.9 (i) Excess	30.4%	31.50%	
13.10 (j) Core Capital / total risk weighted assets	25.5%	29.50%	
13.11 (k) Minimum Statutory Ratio	8.0%	8.0%	
13.12 (l) Excess (j-k)	17.5%	21.50%	
13.13 (m) <b>Total Capital/total risk weighted assets</b>	<b>26.5%</b>	<b>30.50%</b>	
13.14 (n) Minimum statutory Ratio	12.0%	12.0%	
13.15 (o) <b>Excess (m-n)</b>	<b>14.5%</b>	<b>18.50%</b>	
<b>14 LIQUIDITY</b>			
14.1 (a) Liquidity Ratio	48.0%	57.0%	
14.2 (b) Minimum Statutory Ratio	20.0%	20.0%	
14.3 (c) Excess (a-b)	28.0%	37.0%	

The above are extracts of financial statements and records of the institutions.

Signed: MAYANK SHARMA  
MANAGING DIRECTOR

Signed: ALI BASHIR SHEIKH  
DIRECTOR



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