

# National Bank of Kenya Limited

The Board of Directors of National Bank of Kenya Limited hereby announce the audited results of the Bank for the year ended 31 December 2010

<b>PROFIT AND LOSS ACCOUNT</b> <i>for the year ended 31 December 2010</i>		<b>31 Dec 10</b> <b>Shs'000</b>	<b>31 Dec 09</b> <b>Shs'000</b>	<b>BALANCE SHEET</b> <i>as at 31 December 2010</i>		<b>31 Dec 10</b> <b>Shs'000</b>	<b>31 Dec 09</b> <b>Shs'000</b>
<b>1 Interest Income</b>				<b>A Assets</b>			
1.1 Loans and advances	2,302,655	1,621,114		1 Cash (both local and foreign)	1,988,893	1,470,378	
1.2 Government securities	3,105,316	2,814,100		2 Balances due from Central Bank Of Kenya	2,856,969	6,418,485	
1.3 Deposits and placements with banking institutions	22,790	49,795		3 Kenya Government securities	18,820,392	26,609,661	
1.4 Other Interest Income	-	-		4 Foreign Currency Treasury bills and bonds	-	-	
<b>1.5 Total interest income</b>	<b>5,430,761</b>	<b>4,485,009</b>		5 Deposits and balances due from local banking institutions	12,112	166,677	
<b>2 Interest Expense</b>				6 Deposits and balances due from banking institutions abroad	1,396,587	987,594	
2.1 Customer deposits	1,052,877	1,132,065		7 Government and other securities held for dealing purposes	10,788,668	-	
2.2 Deposits and placements from banking institutions	11,178	20,551		8 Tax recoverable	88,299	-	
2.3 Other	-	-		9 Loans and advances to customers (net)	20,844,636	13,156,455	
<b>2.4 Total Interest Expenses</b>	<b>1,064,055</b>	<b>1,152,616</b>		10 Investment securities	48,053	52,509	
<b>3 Net Interest Income/(Loss)</b>	<b>4,366,706</b>	<b>3,332,393</b>		11 Balances due from group companies	-	-	
<b>4 Non-Interest Income</b>				12 Investment in associates	-	-	
4.1 Fees and commissions on loans and advances	250,437	224,646		13 Investment in subsidiary companies	19,963	19,963	
4.2 Other fees and commissions	1,120,040	1,128,803		14 Investment in joint ventures	-	-	
4.3 Foreign exchange trading income (loss)	282,738	297,384		15 Investment in properties	-	-	
4.4 Dividend Income	-	-		16 Property and equipment	2,385,466	2,071,001	
4.5 Other Income	1,079,995	753,412		17 Prepaid lease rentals	11,763	11,911	
<b>4.6 Total Non-Interest Income</b>	<b>2,733,210</b>	<b>2,404,245</b>		18 Intangible assets	52,787	57,078	
<b>5 Total Operating Income</b>	<b>7,099,916</b>	<b>5,736,638</b>		19 Deferred tax asset	-	-	
<b>6 Other Operating Expenses</b>				20 Retirement benefit asset	-	-	
6.1 Loan loss provision	362,653	143,520		21 Other assets	712,106	382,696	
6.2 Staff costs	2,262,184	1,986,720		<b>22 Total Assets</b>	<b>60,026,694</b>	<b>51,404,408</b>	
6.3 Directors' emoluments	63,420	49,708		<b>B Liabilities</b>			
6.4 Rental charges	91,210	78,377		23 Balances due to Central Bank of Kenya	-	-	
6.5 Depreciation charge on property and equipment	279,872	203,854		24 Customer deposits	47,804,607	41,995,446	
6.6 Amortisation charges	30,234	28,529		25 Deposits and balances due to local banking institutions	780,203	50,290	
6.7 Other operating expenses	1,312,520	1,086,489		26 Deposits and balances due to foreign banking institutions	-	-	
<b>6.8 Total Operating Expenses</b>	<b>4,402,093</b>	<b>3,577,197</b>		27 Other money market deposits	-	-	
<b>7 Profit before tax and exceptional items</b>	<b>2,697,823</b>	<b>2,159,441</b>		28 Borrowed funds	-	-	
8 Exceptional items	-	-		29 Balances due to group companies	21,976	21,976	
<b>9 Profit after exceptional items</b>	<b>2,697,823</b>	<b>2,159,441</b>		30 Tax payable	-	114,944	
10 Current tax	(673,728)	(680,560)		31 Dividends payable	10,515	10,524	
11 Deferred tax	(2,176)	(15,926)		32 Deferred tax liability	200,300	198,124	
<b>12 Profit after tax and exceptional items</b>	<b>2,021,919</b>	<b>1,462,955</b>		33 Retirement benefit liability	-	-	
<b>13 Earnings Per Share - Basic &amp; Diluted</b>	<b>Shs 4.18</b>	<b>Shs 4.00</b>		34 Other liabilities	1,279,482	1,105,412	
<b>OTHER DISCLOSURES</b>	<b>31 Dec 10</b>	<b>31 Dec 09</b>		<b>35 Total Liabilities</b>	<b>50,097,083</b>	<b>43,496,716</b>	
<b>1 Non-performing loans and advances</b>	<b>Shs'000</b>	<b>Shs'000</b>		<b>C Shareholders' Funds</b>			
a Gross non-performing loans and advances	936,290	1,301,757		36 Paid Up/Assigned Capital	7,075,000	6,675,000	
Less:				37 Share Premium/(discount)	-	370,585	
b Interest in suspense	29,656	33,651		38 Revaluation reserve	643,100	682,641	
<b>c Total Non-performing loans and advances (a-b)</b>	<b>906,634</b>	<b>1,268,106</b>		39 Retained Earnings/(Accumulated losses)	2,006,611	53,563	
Less:				40 Statutory Loan Loss Reserve	204,900	125,903	
d Loan loss Provisions	681,581	888,577		41 Proposed Dividends	-	-	
<b>e Net NPLs exposure (c-d)</b>	<b>225,053</b>	<b>379,529</b>		42 Capital grants	-	-	
f Discounted Value of Securities	225,053	379,529		<b>43 Total Shareholders' Funds</b>	<b>9,929,611</b>	<b>7,907,692</b>	
<b>g Net NPLs exposure (e-f)</b>	<b>-</b>	<b>-</b>		<b>44 Total Liabilities &amp; Shareholders' Funds</b>	<b>60,026,694</b>	<b>51,404,408</b>	
<b>2 Insider loans and Advances</b>				<b>MESSAGE FROM DIRECTORS</b>			
a Shareholders and associates	-	-		Profit before tax improved by 25% from Shs 2,159 m to Shs 2,698 m.			
b Directors	10,459	4,418		<b>DIVIDEND</b>			
c Employees	2,328,057	1,778,718		1.The Directors are pleased to announce a dividend of Kshs 0.15 per share (3%) to preference shareholders.			
<b>d Total insider loans, advances and other facilities</b>	<b>2,338,516</b>	<b>1,783,136</b>		2.The Directors have resolved to recommend to pay a first and final dividend of Kshs 0.60 per share to ordinary and participating preference shareholders. The dividend will be payable to ordinary shareholders on register at close of business on 8 April 2011 and will be paid on or after 3 June 2011. The register will remain closed on 11 April 2011 for preparation of dividend warrants.			
<b>3 Off-Balance sheet items</b>				<b>CONSOLIDATION</b>			
a Letters of credit, guarantees and acceptances	4,175,639	3,286,329		Consolidated financial statements have not been prepared as the subsidiary companies are dormant and the amounts involved are not material.			
b Other contingent liabilities	55,200	-		<b>APPROVAL</b>			
<b>c Total contingent liabilities</b>	<b>4,230,839</b>	<b>3,286,329</b>		The above balance sheet and profit and loss account are extracts from the audited financial statements which were approved by the Board of Directors on 15 March 2011 and signed on its behalf by:			
<b>4 Capital Strength</b>				M E G Muhindi - Chairman			
a Core capital	9,081,611	7,099,149		P W D Ngumi - Director/Chairman Audit Committee			
b Minimum Statutory Capital	500,000	350,000		R M Marambii - Managing Director			
<b>c Excess/(Deficiency) (a-b)</b>	<b>8,581,611</b>	<b>6,749,149</b>		LG Kamweti - Company Secretary			
d Supplementary capital	365,675	296,563		To get a full picture of the bank's performance, the full financial statements will be available in our offices after adoption by members at the annual general meeting.			
<b>e Total capital (a+d)</b>	<b>9,447,286</b>	<b>7,395,712</b>		The financial statements were audited by Deloitte & Touche and received an unqualified opinion.			
<b>f Total risk weighted assets</b>	<b>25,590,922</b>	<b>17,376,921</b>		<b>ANNUAL GENERAL MEETING</b>			
g Core capital/total deposit liabilities	19%	17%		Notice is hereby given that the Forty-Second Annual General Meeting of the shareholders of National Bank of Kenya Limited will be held at the KICC Tsavo Ballroom, Nairobi on Friday, 3 June 2011 at 10.00 a.m.			
h Minimum Statutory Ratio	8%	8%		<b>REGISTERED OFFICE</b>			
<b>I Excess/(Deficiency) (g-h)</b>	<b>11%</b>	<b>9%</b>		National Bank Building, 18 Harambee Avenue, Nairobi.			
j Core capital/total risk weighted assets	36%	41%		P.O. BOX 72866, 00200 Nairobi.			
k Minimum Statutory Ratio	8%	8%		Telephone 2828000, 0711038000, 0732018000 Fax 311444.			
<b>I Excess/(Deficiency) (j-k)</b>	<b>28%</b>	<b>33%</b>		Website : www.nationalbank.co.ke			
m Total capital/total risk weighted assets	37%	43%					
n Minimum Statutory Ratio	12%	12%					
<b>o Excess (Deficiency)(m-n)</b>	<b>25%</b>	<b>31%</b>					
<b>5 Liquidity</b>							
a Liquidity Ratio	41%	35%					
b Minimum Statutory Ratio	20%	20%					
<b>c Excess (Deficiency)(a-b)</b>	<b>21%</b>	<b>15%</b>					



National Bank

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