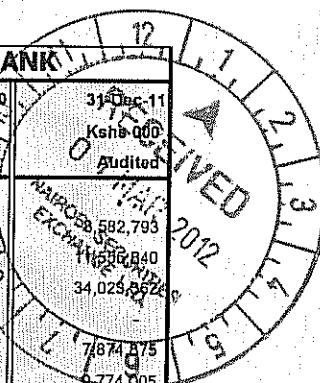


**KENYA COMMERCIAL BANK GROUP**  
**AUDITED RESULTS FOR THE PERIOD ENDED 31 DECEMBER 2011**

	GROUP		BANK	
	31-Dec-10 Kshs 000 Audited	31-Dec-11 Kshs 000 Audited	31-Dec-10 Kshs 000 Audited	31-Dec-11 Kshs 000 Audited
<b>I BALANCE SHEET</b>				
<b>1 ASSETS</b>				
1.1 Cash ( both Local & Foreign)	18,979,288	31,152,176	5,777,976	11,582,793
1.2 Balances due from Central Bank of Kenya	8,018,535	11,555,840	8,018,535	11,555,840
1.3 Kenya Government securities	42,051,335	34,023,364	42,051,335	34,023,364
1.4 Foreign Currency Treasury Bills & Bonds	1,346,799	2,406,833	-	-
1.5 Deposits and balances due from local banking institutions	2,880,000	7,874,875	2,880,000	7,874,875
1.6 Deposits and balances due from banking institutions abroad	7,331,008	17,937,209	1,079,963	9,774,005
1.7 Kenya Government and other securities held for dealing purposes	847,876	367,938	847,876	367,938
1.8 Tax recoverable	11,009	20,557	-	9,418
1.9 Loans and advances to customers (net)	148,113,364	198,724,919	137,344,568	179,843,987
1.10 Investment securities	5,862,488	9,204,501	5,862,488	9,204,501
1.11 Balances due from group companies	-	-	-	-
1.12 Investments in associates	-	-	125	125
1.13 Investments in subsidiary companies	-	-	6,769,498	8,624,404
1.14 Investments in joint ventures	-	-	-	-
1.15 Investment properties	-	-	-	-
1.16 Property and equipment	8,271,647	8,017,595	5,888,285	5,624,766
1.17 Prepaid lease rentals	145,893	147,801	143,644	142,818
1.18 Intangible assets	1,368,385	1,516,684	1,319,367	1,476,594
1.19 Deferred tax asset	1,126,284	1,055,476	855,115	606,328
1.20 Retirement benefit asset	-	-	-	-
1.21 Other assets	5,002,289	6,708,391	4,185,781	4,781,799
<b>1.22 TOTAL ASSETS</b>	<b>251,356,200</b>	<b>330,716,159</b>	<b>223,024,556</b>	<b>282,493,553</b>
<b>2 LIABILITIES</b>				
2.1 Balances due to Central Bank of Kenya	1,499,595	-	1,499,595	-
2.2 Customer deposits	196,974,651	259,308,849	163,188,681	210,173,514
2.3 Deposits and balances due to local banking institutions	8,025,637	9,359,286	8,025,637	9,359,286
2.4 Deposits and balances due to foreign banking institutions	1,531,735	4,745,863	1,282,069	2,143,285
2.5 Other money market deposits	-	-	-	-
2.6 Borrowed funds	-	8,525,000	-	8,525,000
2.7 Balances due to group companies	-	-	4,638,052	5,519,607
2.8 Tax payable	1,837,722	119,372	1,750,345	-
2.9 Dividends payable	-	-	-	-
2.10 Deferred tax liability	121	-	-	-
2.11 Retirement benefit liability	-	-	-	-
2.12 Other liabilities	2,356,968	4,292,762	1,763,732	1,610,203
<b>2.13 TOTAL LIABILITIES</b>	<b>212,226,429</b>	<b>286,351,132</b>	<b>182,148,111</b>	<b>237,330,895</b>
<b>3 SHAREHOLDERS' FUNDS</b>				
3.1 Paid up /Assigned capital	2,950,260	2,968,746	2,950,260	2,968,746
3.2 Share premium	18,565,504	18,891,221	18,565,504	18,891,221
3.3 Revaluation reserves	(172,825)	(2,574,793)	225,356	(1,983,146)
3.4 Retained earnings	13,953,178	17,721,580	15,388,072	18,276,521
3.5 Statutory loan reserves	145,629	1,866,093	59,428	1,517,136
3.6 Proposed dividends	3,687,825	5,492,180	3,687,825	5,492,180
3.7 Capital grants	-	-	-	-
<b>3.8 TOTAL SHAREHOLDERS' FUNDS</b>	<b>39,129,771</b>	<b>44,365,027</b>	<b>40,876,445</b>	<b>45,162,658</b>
<b>3.10 TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>251,356,200</b>	<b>330,716,159</b>	<b>223,024,556</b>	<b>282,493,553</b>



## II PROFIT AND LOSS ACCOUNT

	GROUP		BANK	
	31-Dec-10 Kshs 000 Audited	31-Dec-11 Kshs 000 Audited	31-Dec-10 Kshs 000 Audited	31-Dec-11 Kshs 000 Audited
<b>4 INTEREST INCOME</b>				
4.1 Loans and advances	17,863,904	23,612,698	16,162,740	21,293,264
4.2 Government securities	5,259,702	3,742,965	5,178,712	3,516,523
4.3 Deposits and placements with banking institutions	186,187	546,986	99,810	371,521
4.4 Other Interest Income	-	-	-	-
<b>4.5 Total Interest Income</b>	<b>23,109,793</b>	<b>27,902,649</b>	<b>21,441,262</b>	<b>25,181,308</b>
<b>5 INTEREST EXPENSE</b>				
5.1 Customer deposits	3,307,581	3,821,853	2,802,736	3,308,614
5.2 Deposits and placement from banking Institutions	156,887	794,388	140,145	595,932
5.3 Other interest expenses	-	-	-	-
<b>5.4 Total Interest expenses</b>	<b>3,464,468</b>	<b>4,616,241</b>	<b>2,942,881</b>	<b>3,904,546</b>
<b>5.5 NET INTEREST INCOME</b>	<b>19,645,325</b>	<b>23,286,408</b>	<b>18,498,381</b>	<b>21,276,762</b>
<b>6 OTHER OPERATING INCOME</b>				
6.1 Fees and commissions on loans and advances	4,091,986	4,203,826	3,212,596	3,739,588
6.2 Other fees and commissions	2,696,594	4,981,222	2,405,750	3,236,032
6.3 Foreign exchange trading income	2,775,494	3,607,836	1,357,658	1,940,587
6.4 Dividend Income	1,185	26,157	1,519,248	26,157
6.5 Other income	1,450,803	3,203,833	1,392,649	3,152,133
<b>6.6 Total non-Interest Income</b>	<b>11,016,082</b>	<b>16,022,674</b>	<b>9,887,901</b>	<b>12,094,497</b>
<b>6.7 TOTAL OPERATING INCOME</b>	<b>30,661,387</b>	<b>39,309,082</b>	<b>28,386,282</b>	<b>33,371,259</b>
<b>7 OPERATING EXPENSES</b>				
7.1 Loan loss provision	2,144,320	1,896,082	1,898,230	1,471,868
7.2 Staff costs	9,379,643	10,883,679	8,024,266	9,222,469
7.3 Directors' emoluments	104,401	145,592	91,522	106,224
7.4 Rental charges	798,141	1,024,329	236,654	276,472
7.5 Depreciation charge on property and equipment	1,382,540	1,672,850	1,029,436	1,166,348
7.6 Amortisation charges	375,249	497,685	371,219	488,098
7.7 Other operating expenses	6,679,122	8,059,491	5,197,422	6,557,914
<b>7.8 Total operating expenses</b>	<b>20,863,416</b>	<b>24,179,708</b>	<b>16,848,749</b>	<b>19,289,393</b>
<b>7.9 Profit before tax and exceptional items</b>	<b>9,797,971</b>	<b>15,129,374</b>	<b>11,537,533</b>	<b>14,081,866</b>
7.10 Exceptional items	-	-	-	-
<b>7.11 Profit after exceptional items</b>	<b>9,797,971</b>	<b>15,129,374</b>	<b>11,537,533</b>	<b>14,081,866</b>
7.12 Current tax	(3,651,244)	(4,083,979)	(3,560,777)	(3,994,742)
7.13 Deferred tax	1,031,246	(64,349)	842,104	(248,787)
<b>7.15 Profit after tax and exceptional items</b>	<b>7,177,973</b>	<b>10,981,046</b>	<b>8,818,860</b>	<b>9,838,337</b>
<b>8 EARNINGS PER SHARE- DILUTED &amp; BASIC KSHS</b>	<b>2.76</b>	<b>3.72</b>	<b>3.40</b>	<b>3.33</b>
<b>9 DIVIDEND PER SHARE - PROPOSED KSHS</b>	<b>1.25</b>	<b>1.85</b>	<b>1.25</b>	<b>1.85</b>

### III OTHER DISCLOSURES

	GROUP		BANK	
	31-Dec-10 Kshs 000 Audited	31-Dec-11 Kshs 000 Audited	31-Dec-10 Kshs 000 Audited	31-Dec-11 Kshs 000 Audited
<b>10 NON-PERFORMING LOANS AND ADVANCES</b>				
10.1 (a) Gross Non-performing loans and advances	14,583,382	12,228,264	13,053,727	10,414,948
10.2 (b) Less Interest in Suspense	1,796,530	1,225,595	1,707,256	1,072,173
10.3 (c) Total Non-Performing Loans and Advances (a-b)	12,786,852	11,002,669	11,346,471	9,342,775
10.4 (d) Less Loan Loss Provision	6,790,567	5,240,564	6,471,258	4,651,885
10.5 (e) Net Non-Performing Loans and Advances (c-d)	5,996,285	5,762,105	4,875,213	4,690,890
10.6 (f) Discounted Value of Securities	5,996,285	5,762,105	4,875,213	4,690,890
10.7 (g) Net NPLs Exposure (e-f)	-	-	-	-
<b>11 INSIDER LOANS AND ADVANCES</b>				
11.1 (a) Directors, Shareholders and Associates	4,213,193	4,560,582	4,198,868	4,543,292
11.2 (b) Employees	4,989,949	6,590,408	4,958,054	5,893,725
11.3 (c) Total Insider Loans and Advances and other facilities	9,203,142	11,150,990	9,156,922	10,437,017
<b>12 OFF-BALANCE SHEET ITEMS</b>				
12.1 (a) Letters of credit, guarantees, acceptances	72,429,394	87,424,335	69,532,289	84,557,085
12.2 (b) Other contingent liabilities	25,002,591	36,446,990	23,319,177	35,328,220
12.3 (c) Total Contingent Liabilities	97,431,985	123,871,325	92,851,466	119,885,305
<b>13 CAPITAL STRENGTH</b>				
13.1 (a) Core capital			35,220,808	38,402,909
13.2 (b) Minimum Statutory Capital			500,000	700,000
13.3 (c) Excess (a-b)			34,720,808	37,702,909
13.4 (d) Supplementary Capital			59,428	1,517,138
13.5 (e) Total Capital (a+d)			35,280,236	39,920,045
13.6 (f) Total risk weighted assets			152,310,594	192,939,432
13.7 (g) Core Capital/Total deposits Liabilities			21.6%	18.3%
13.8 (h) Minimum statutory Ratio			8%	8%
13.9 (i) Excess			13.6%	10.3%
13.10 (j) Core Capital / total risk weighted assets			23.1%	19.9%
13.11 (k) Minimum Statutory Ratio			8%	8%
13.12 (l) Excess (j-k)			15.1%	11.9%
13.13 (m) Total Capital/total risk weighted assets			23.2%	20.7%
13.14 (n) Minimum statutory Ratio			12%	12%
13.15 (o) Excess (m-n)			11.2%	8.7%
<b>14 LIQUIDITY</b>				
14.1 (a) Liquidity Ratio			30.7%	31.3%
14.2 (b) Minimum Statutory Ratio			20.0%	20.0%
14.3 (c) Excess (a-b)			10.7%	11.3%

### DIVIDEND

The directors have resolved to recommend to members at the forthcoming forty first Annual General Meeting a First and Final dividend for the year 2011 of Shs.1.85 per share to be paid on or about Friday, 18th June, 2012, to shareholders registered at the close of business on Monday, 21st May 2012. The register of members will be closed for one day on Tuesday, 22nd May, 2012 for the purpose of processing the dividend.

### ANNUAL GENERAL MEETING

Notice is hereby given that the forty first Annual General Meeting of the shareholders of Kenya Commercial Bank Limited will be held at the Tsavo Ball Room, Kenyatta International Conference Centre (KICC), Nairobi, on Friday, 18th May, 2012 at 11.00 a. m. Full notice and Agenda will be published at a later date.

### MESSAGE FROM THE DIRECTORS

The above Balance Sheet and Profit and Loss Account are extracts from the Group's and Bank's financial statements which have been audited by KPMG-Kenya and received an unqualified opinion.

The financial statements were approved by the Board of Directors on 1st March 2012, and were signed on its behalf by:

W Muthoka (MBS) - Chairman

-Chairman

M L Oduor-Otieno

-Chief Executive

Ausa Ndalo

-Director

D Malakwen

-Secretary

# KENYA COMMERCIAL BANK LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2011

	Share capital KShs'000	Share premium KShs'000	Regulatory reserve KShs'000	Translation reserve KShs'000	Available-for sale reserve KShs'000	Proposed Dividend KShs'000	Retained earnings KShs'000	Total KShs'000
At 1 January 2010	2,217,778	7,297,986	104,670	(119,897)	347,908	2,217,778	10,503,989	22,570,212
Rights issue	732,482	11,267,518	-	-	-	-	-	12,000,000
Dividend paid - 2009	-	-	-	-	-	(2,217,778)	-	(2,217,778)
Proposed dividend - 2010	-	-	-	-	-	3,687,825	(3,687,825)	-
Profit for the year	-	-	-	-	-	-	7,177,973	7,177,973
Other comprehensive income	-	-	-	(278,084)	(122,552)	-	-	(400,636)
Transfer from retained earnings	-	-	40,959	-	-	-	(40,959)	-
As at 31 December 2010	2,950,260	18,565,504	145,629	(397,981)	225,356	3,687,825	13,953,178	39,129,771
At 1 January 2011	2,950,260	18,565,504	145,629	(397,981)	225,356	3,687,825	13,953,178	39,129,771
Employee shares option exercised	18,486	325,717	-	-	-	-	-	344,203
Dividend paid - 2010	-	-	-	-	-	(3,687,825)	-	(3,687,825)
Proposed dividend - 2011	-	-	-	-	-	5,492,180	(5,492,180)	-
Profit for the year	-	-	-	-	-	-	10,981,046	10,981,046
Other comprehensive income	-	-	-	(193,666)	(2,208,502)	-	-	(2,402,168)
Transfer from retained earnings	-	-	1,720,464	-	-	-	(1,720,464)	-
As at 31 December 2011	2,968,746	18,891,221	1,866,093	(591,647)	(1,983,146)	5,492,180	17,721,580	44,365,027

# KENYA COMMERCIAL BANK LIMITED AND SUBSIDIARIES

## STATEMENT OF CHANGES IN EQUITY OF THE BANK FOR THE YEAR ENDED 31 DECEMBER 2011

	Share capital KShs'000	Share premium KShs'000	Regulatory reserve KShs'000	Available-for sale reserve KShs'000	Proposed Dividend KShs'000	Retained earnings KShs'000	Total KShs'000
At 1 January 2010	2,217,778	7,297,986	86,215	347,908	2,217,778	10,230,250	22,397,915
Rights issue	732,482	11,267,518	-	-	-	-	12,000,000
Dividend paid - 2009	-	-	-	-	(2,217,778)	-	(2,217,778)
Proposed dividend - 2010	-	-	-	-	3,687,825	(3,687,825)	-
Profit for the year	-	-	-	-	-	8,818,860	8,818,860
Other comprehensive income	-	-	-	(122,552)	-	-	(122,552)
Transfer from retained earnings	-	-	(26,787)	-	-	26,787	-
As at 31 December 2010	2,950,260	18,565,504	59,428	225,356	3,687,825	15,388,072	40,876,445
At 1 January 2011	2,950,260	18,565,504	59,428	225,356	3,687,825	15,388,072	40,876,445
Employee shares option exercised	18,486	325,717	-	-	-	-	344,203
Dividend paid - 2010	-	-	-	-	(3,687,825)	-	(3,687,825)
Proposed dividend - 2011	-	-	-	-	5,492,180	(5,492,180)	-
Profit for the year	-	-	-	-	-	9,838,337	9,838,337
Other comprehensive income	-	-	-	(2,208,502)	-	-	(2,208,502)
Transfer from retained earnings	-	-	1,457,708	-	-	(1,457,708)	-
As at 31 December 2011	2,968,746	18,891,221	1,517,136	(1,983,146)	5,492,180	18,276,521	45,162,658

**KENYA COMMERCIAL BANK LIMITED AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

	2011 KShs'000	2010 KShs'000
<b>Net cash flows used in operating activities</b>	<b><u>19,447,305</u></b>	<b><u>(2,067,962)</u></b>
Tax recovered	-	-
Tax paid	<u>(5,793,529)</u>	<u>(1,425,520)</u>
	<b><u>(5,793,529)</u></b>	<b><u>(1,425,520)</u></b>
<b>Investing activities</b>		
Proceeds from disposal of property and equipment	359,151	20,128
Purchase of intangible assets	(581,782)	(389,156)
Purchase of operating lease rentals	(2,769)	-
Purchase of property and equipment	<u>(1,732,186)</u>	<u>(1,903,559)</u>
<b>Net cash flows used in investing activities</b>	<b><u>(1,957,586)</u></b>	<b><u>(2,272,587)</u></b>
<b>Financing activities</b>		
Net proceeds from additional shares floated	344,203	12,000,000
Borrowing	8,525,000	-
Dividends paid	<u>(3,687,825)</u>	<u>(2,217,778)</u>
<b>Net cash flows from financing activities</b>	<b><u>5,181,378</u></b>	<b><u>9,782,222</u></b>
Increase in cash and cash equivalents	16,877,568	4,016,153
Effects of exchange rate changes on translation of foreign operation	(76,894)	(278,084)
Cash and cash equivalents at the beginning of the Year	<u>25,130,742</u>	<u>21,392,673</u>
<b>Cash and cash equivalents at the end of the year</b>	<b><u>41,931,416</u></b>	<b><u>25,130,742</u></b>

# **KENYA COMMERCIAL BANK LIMITED AND SUBSIDIARIES**

## **STATEMENT OF CASH FLOWS OF THE BANK** **FOR THE YEAR ENDED 31 DECEMBER 2011**

	<b>2011</b> <b>KShs'000</b>	<b>2010</b> <b>KShs'000</b>
<b>Net cash flows used in operating activities</b>	<b><u>12,082,725</u></b>	<b><u>(12,812,076)</u></b>
Tax recovered	-	-
Tax paid	<u>(5,754,505)</u>	<u>(1,315,529)</u>
	<b><u>(5,754,505)</u></b>	<b><u>(1,315,529)</u></b>
<b>Investing activities</b>		
Proceeds from disposal of property and equipment	343,790	8,130
Purchase of intangible assets	(581,123)	(336,108)
Purchase of property and equipment	(1,075,049)	(1,089,930)
Investment in a subsidiary	<u>(1,854,906)</u>	<u>(1,580,773)</u>
<b>Net cash flows used in investing activities</b>	<b><u>(3,167,288)</u></b>	<b><u>(2,998,681)</u></b>
<b>Financing activities</b>		
Net proceeds from additional shares floated	344,203	12,000,000
Borrowing	8,525,000	-
Dividends paid	<u>(3,687,825)</u>	<u>(2,217,778)</u>
<b>Net cash flows from financing activities</b>	<b><u>5,181,378</u></b>	<b><u>9,782,222</u></b>
Increase in cash and cash equivalents	8,342,310	(7,344,064)
Cash and cash equivalents at the beginning of the year	<u>6,754,730</u>	<u>14,098,794</u>
<b>Cash and cash equivalents at the end of the year</b>	<b><u>15,097,040</u></b>	<b><u>6,754,730</u></b>