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## QUARTERLY FINANCIAL STATEMENTS AND OTHER DISCLOSURES AS AT 30<sup>th</sup> JUNE 2010

### I BALANCE SHEET

	Jun-09 Shs.000 (Un-Audited)	Dec-09 Shs.000 (Audited)	Mar-10 Shs.000 (Un-Audited)	Jun-10 Shs.000 (Un-Audited)
<b>1 ASSETS</b>				
1.1 Cash (both Local & Foreign)	439,953	145,305	240,885	193,503
1.2 Balances due from Central Bank of Kenya	655,471	710,518	764,090	982,903
1.3 Kenya Government securities	1,061,700	2,245,960	3,189,700	3,594,700
1.4 Foreign Currency Treasury Bills & Bonds				
1.5 Deposits and balances due from local banking institutions	39,389	72,321	40,907	56,678
1.6 Deposits and balances due from banking institutions abroad	2,877,689	1,896,057	2,193,796	2,153,736
1.7 Kenya Government & other securities held for dealing purposes				
1.8 Tax recoverable				
1.9 Loans and advances to customers (net)	8,979,895	9,676,110	9,765,789	11,337,225
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	293,937	235,993	239,484	219,269
1.17 Prepaid lease rentals	8,961	-	-	-
1.18 Intangible assets	55,891	52,202	50,571	70,894
1.19 Deferred tax asset	36,407	46,893	46,893	46,893
1.20 Retirement benefit asset				
1.21 Other assets	545,501	276,749	508,506	743,658
<b>1.22 TOTAL ASSETS</b>	<b>14,994,794</b>	<b>15,358,108</b>	<b>17,040,621</b>	<b>19,399,459</b>
<b>2 LIABILITIES</b>				
2.1 Balances due to Central Bank of Kenya				
2.2 Customer deposits	11,386,894	12,269,906	12,387,353	13,453,109
2.3 Deposits and balances due to local banking institutions	1,121,145	592,376	1,801,734	2,928,717
2.4 Deposits and balances due to foreign banking institutions	-	-	1,324	72,841
2.5 Other money market deposits				
2.6 Borrowed funds				
2.7 Balances due to group companies				
2.8 Tax payable	2,974	17,614	114,633	35,417
2.9 Dividends payable				
2.10 Deferred tax liability				
2.11 Retirement benefit liability				
2.12 Other liabilities	374,407	231,370	262,783	279,070
<b>2.13 TOTAL LIABILITIES</b>	<b>12,885,420</b>	<b>13,111,266</b>	<b>14,567,827</b>	<b>16,768,954</b>
<b>3 SHAREHOLDERS' FUNDS</b>				
3.1 Paid up /Assigned capital	1,085,000	1,085,000	1,085,000	1,085,000
3.2 Share premium				
3.3 Revaluation reserves	-	63,599	63,599	63,599
3.4 Retained earnings	922,254	956,610	1,185,693	1,350,698
3.5 Statutory loan reserves	102,120	116,633	113,502	131,208
3.6 Proposed dividends	-	25,000	25,000	-
3.7 Capital grants				
<b>3.8 TOTAL SHAREHOLDERS' FUNDS</b>	<b>2,109,374</b>	<b>2,246,842</b>	<b>2,472,794</b>	<b>2,630,505</b>
<b>3.9 TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>14,994,794</b>	<b>15,358,108</b>	<b>17,040,621</b>	<b>19,399,459</b>

### II PROFIT AND LOSS ACCOUNT

	Jun-09 Shs.000	Dec-09 Shs.000	Mar-10 Shs.000	Jun-10 Shs.000
<b>4 INTEREST INCOME</b>				
4.1 Loans and advances	1,314,282	2,460,394	521,918	1,086,268
4.2 Government securities	55,502	187,144	154,838	272,261
4.3 Deposits & placements with banking institutions	5,735	7,607	1,177	2,509
4.4 Other interest income				
<b>4.5 Total interest income</b>	<b>1,375,519</b>	<b>2,655,145</b>	<b>677,933</b>	<b>1,361,038</b>
<b>5 INTEREST EXPENSES</b>				
5.1 Customer deposits	659,327	1,194,711	190,776	392,691
5.2 Deposits and placement from banking institutions	79,115	117,755	24,141	52,123
5.3 Other interest expenses				
<b>5.4 Total interest expenses</b>	<b>738,442</b>	<b>1,312,466</b>	<b>214,917</b>	<b>444,814</b>
<b>5.5 NET INTEREST INCOME</b>	<b>637,077</b>	<b>1,342,679</b>	<b>463,016</b>	<b>916,224</b>
<b>6 OTHER OPERATING INCOME</b>				
6.1 Fees and commissions on loans & advances	66,858	96,090	49,231	65,414
6.2 Other fees and commissions	151,148	299,547	74,661	165,089
6.3 Foreign exchange trading income	66,279	138,585	35,780	74,610
6.4 Dividend income				
6.5 Other income	350	10,726	99	1,142
<b>6.6 Total non-interest income</b>	<b>284,635</b>	<b>544,948</b>	<b>159,751</b>	<b>306,255</b>
<b>6.7 TOTAL OPERATING INCOME</b>	<b>921,712</b>	<b>1,887,627</b>	<b>622,767</b>	<b>1,222,479</b>
<b>7 OPERATING EXPENSES</b>				
7.1 Loan loss provision	36,537	58,551	34,708	74,834
7.2 Staff costs	221,863	458,430	122,278	296,122
7.3 Directors' emoluments	19,849	57,259	22,945	37,513
7.4 Rental charges	35,569	56,416	21,738	53,440
7.5 Depreciation charge on property and equipment	47,398	87,717	19,520	38,977
7.6 Amortisation charges	105	8,473	2,083	5,535
7.7 Other operating expenses	156,453	358,971	77,299	172,253
<b>7.8 Total operating expenses</b>	<b>517,774</b>	<b>1,085,817</b>	<b>299,979</b>	<b>638,674</b>
<b>7.9 Profit before tax and exceptional items</b>	<b>403,938</b>	<b>801,810</b>	<b>322,788</b>	<b>583,805</b>
7.10 Exceptional items				
7.11 Profit after exceptional items	403,938	801,810	322,788	583,805
7.12 Current tax	121,181	256,740	96,836	175,142
7.13 Deferred tax	-	(10,808)	-	-
<b>7.14 Profit after tax and exceptional items</b>	<b>282,757</b>	<b>555,878</b>	<b>225,952</b>	<b>408,663</b>
<b>8 EARNINGS PER SHARE- BASIC &amp; DILUTED</b>		<b>512</b>		
<b>9 DIVIDEND PER SHARE -DECLARED</b>		<b>207</b>		

### III OTHER DISCLOSURES

	Jun-09 Shs.000 (Un-Audited)	Dec-09 Shs.000 (Audited)	Mar-10 Shs.000 (Un-Audited)	Jun-10 Shs.000 (Un-Audited)
<b>10 NON-PERFORMING LOANS AND ADVANCES</b>				
10.1 (a) Gross non-performing loans and advances	614,038	663,508	725,886	746,332
10.2 (b) Less interest in suspense	129,372	132,438	143,607	157,297
<b>10.3 (c) Total Non-Performing Loans and Advances (a-b)</b>	<b>484,666</b>	<b>531,070</b>	<b>582,279</b>	<b>589,035</b>
10.4 (d) Less loan loss provision	254,657	264,051	285,895	312,331
<b>10.5 (e) Net Non-Performing Loans and Advances(c-d)</b>	<b>230,009</b>	<b>267,019</b>	<b>296,384</b>	<b>276,704</b>
10.6 (f) Discounted value of securities	215,275	242,820	263,799	216,029
<b>10.7 (g) Net NPLs Exposure (e-f)</b>	<b>14,734</b>	<b>24,199</b>	<b>32,585</b>	<b>60,675</b>
<b>11 INSIDER LOANS AND ADVANCES</b>				
11.1 (a) Directors, shareholders and associates	277,481	523,594	477,365	450,081
11.2 (b) Employees	157,132	157,776	166,413	192,387
<b>11.3 (c) Total Insider Loans and Advances and other facilities</b>	<b>434,613</b>	<b>681,370</b>	<b>643,778</b>	<b>642,468</b>
<b>12 OFF-BALANCE SHEET ITEMS</b>				
12.1 (a) Letters of credit, guarantees, acceptances	2,847,878	2,117,731	2,943,454	2,505,083
12.2 (b) Other contingent liabilities	806,800	1,359,676	1,117,483	1,171,655
<b>12.3 (c) Total Contingent Liabilities</b>	<b>3,654,678</b>	<b>3,477,407</b>	<b>4,060,937</b>	<b>3,676,738</b>
<b>13 CAPITAL STRENGTH</b>				
13.1 (a) Core capital	1,865,876	2,041,610	2,157,717	2,231,367
13.2 (b) Minimum statutory capital	250,000	350,000	350,000	350,000
13.3 (c) Excess (a-b)	1,615,876	1,691,610	1,807,717	1,881,367
13.4 (d) Supplementary capital	102,120	116,633	113,502	131,208
<b>13.5 (e) Total Capital (a+d)</b>	<b>1,967,996</b>	<b>2,158,243</b>	<b>2,271,219</b>	<b>2,362,575</b>
13.6 (f) Total risk weighted assets	9,838,797	10,018,908	10,097,423	11,945,989
<b>13.7 (g) Core Capital/Total deposits Liabilities</b>	<b>14.9%</b>	<b>15.9%</b>	<b>15.2%</b>	<b>13.6%</b>
13.8 (h) Minimum statutory ratio	8.0%	8.0%	8.0%	8.0%
13.9 (i) Excess	6.9%	7.9%	7.2%	5.6%
<b>13.10 (j) Core Capital / total risk weighted assets</b>	<b>19.1%</b>	<b>20.4%</b>	<b>21.4%</b>	<b>18.7%</b>
13.11 (k) Minimum Statutory ratio	8.0%	8.0%	8.0%	8.0%
13.12 (l) Excess (j-k)	11.1%	12.4%	13.4%	10.7%
<b>13.13 (m) Total Capital/total risk weighted assets</b>	<b>20.1%</b>	<b>21.5%</b>	<b>22.5%</b>	<b>19.8%</b>
13.14 (n) Minimum statutory ratio	12.0%	12.0%	12.0%	12.0%
13.15 (o) Excess (m-n)	8.1%	9.5%	10.5%	7.8%
<b>14 LIQUIDITY</b>				
14.1 (a) Liquidity ratio	33.4%	34.6%	36.1%	28.4%
14.2 (b) Minimum statutory ratio	20.0%	20.0%	20.0%	20.0%
14.3 (c) Excess (a-b)	13.4%	14.6%	16.1%	8.4%

### MESSAGE FROM DIRECTORS

The above balance sheet and Profit and Loss Account are extracts from the bank's financial statements audited by PKF KENYA and have received an unqualified opinion.



*Looking after your interest!*

The financial statements are extracts from the books of the institution.  
**Alnashir Popat CHAIRMAN** **Abdulmalek Janmohamed MANAGING DIRECTOR**

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