

| STATEMENT OF FINANCIAL POSITION | GROUP | | BANK | |
|------------------------------------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | 31st Dec, 2012 Audited Shs '000 | 31st Dec, 2011 Audited Shs '000 | 31st Dec, 2012 Audited Shs '000 | 31st Dec, 2011 Audited Shs '000 |
| ASSETS | | | | |
| Cash (both Local & Foreign) | 1,081,131 | 718,687 | 830,855 | 562,869 |
| Balances due from Central Banks | 5,969,831 | 4,920,229 | 5,132,414 | 4,201,757 |
| Kenyan Government securities | 9,194,971 | 3,077,723 | 9,194,971 | 3,077,723 |
| Foreign Currency Treasury Bills & Bonds | 1,117,292 | 16,069 | - | - |
| Deposits and balances due from local banking institutions | 2,205,588 | 1,244,990 | 586,836 | 635,233 |
| Deposits and balances due from banking institutions abroad | 5,983,128 | 4,447,665 | 5,983,128 | 3,851,242 |
| Government and other securities held for dealing purposes | 7,165,969 | 4,406,496 | 7,027,460 | 4,139,032 |
| Tax recoverable | 17,860 | 8,690 | - | - |
| Loans and advances to customers (net) | 71,540,092 | 56,624,621 | 66,381,215 | 52,025,475 |
| Investment securities | 243,931 | 52,932 | - | - |
| Balances due from group companies | - | - | 1,603,250 | 1,360,846 |
| Investments in Associates | - | - | - | - |
| Investments in Subsidiary companies | - | - | 2,285,324 | 1,147,786 |
| Investments in Joint Ventures | - | - | - | - |
| Investment properties | - | - | - | - |
| Property and equipment | 1,009,891 | 967,989 | 785,612 | 851,768 |
| Prepaid lease rentals | 7,375 | 7,500 | 7,375 | 7,500 |
| Intangible assets | 1,127,492 | 1,037,222 | 642,337 | 400,544 |
| Deferred tax asset | 257,632 | 361,842 | 241,808 | 348,946 |
| Retirement benefit asset | - | - | - | - |
| Other assets | 1,426,410 | 1,091,350 | 1,069,120 | 970,600 |
| TOTAL ASSETS | 108,348,593 | 78,984,005 | 101,771,705 | 73,581,321 |
| LIABILITIES | | | | |
| Balances due to Central Banks | - | - | - | - |
| Customer deposits | 83,379,576 | 66,293,053 | 77,466,042 | 62,008,953 |
| Deposits and balances due to local banking institutions | 598,531 | 788,647 | 72,210 | 206,149 |
| Deposits and balances due to foreign banking institutions | 2,972,749 | - | 2,972,749 | - |
| Other money market deposits | - | - | - | - |
| Borrowed funds | 3,655,414 | 190,280 | 3,655,414 | 190,280 |
| Balances due to group companies | - | - | 610,360 | 322,115 |
| Tax payable | 383,325 | 229,538 | 382,138 | 223,321 |
| Dividends payable | - | - | - | - |
| Deferred tax liability | - | - | - | - |
| Retirement benefit liability | - | - | - | - |
| Other liabilities | 1,877,376 | 959,534 | 1,548,185 | 730,643 |
| TOTAL LIABILITIES | 92,866,971 | 68,461,052 | 86,707,098 | 63,681,461 |
| EQUITY | | | | |
| Paid up /Assigned capital | 2,714,921 | 1,974,488 | 2,714,921 | 1,974,488 |
| Share premium | 1,208,799 | - | 1,208,799 | - |
| Revaluation reserves | (289,798) | (356,384) | 124,296 | (277,300) |
| Retained earnings | 10,095,639 | 7,803,398 | 9,836,433 | 7,596,429 |
| Statutory loan reserves | 687,543 | 533,581 | 637,174 | 507,519 |
| Proposed dividends | 542,984 | 98,724 | 542,984 | 98,724 |
| Capital grants | - | - | - | - |
| TOTAL EQUITY | 15,481,622 | 10,522,953 | 15,064,607 | 9,899,860 |
| TOTAL LIABILITIES AND EQUITY | 108,348,593 | 78,984,005 | 101,771,705 | 73,581,321 |
| STATEMENT OF COMPREHENSIVE INCOME | | | | |
| INTEREST INCOME | | | | |
| Loans and advances | 9,868,592 | 6,020,072 | 9,048,895 | 5,526,584 |
| Government securities | 1,161,118 | 660,195 | 1,081,419 | 631,526 |
| Deposits and placements with banking institutions | 412,324 | 137,689 | 290,551 | 113,675 |
| Other Interest Income | 25,540 | 13,625 | 25,540 | 13,625 |
| TOTAL INTEREST INCOME | 11,467,574 | 6,831,581 | 10,446,405 | 6,285,410 |
| INTEREST EXPENSE | | | | |
| Customer deposits | 5,735,877 | 2,417,373 | 5,342,007 | 2,261,284 |
| Deposits and placement from banking institutions | 187,865 | 121,156 | 124,874 | 62,211 |
| Other interest expenses | 59,964 | 13,564 | 59,964 | 13,564 |
| TOTAL INTEREST EXPENSE | 5,983,706 | 2,552,093 | 5,526,845 | 2,337,059 |
| NET INTEREST INCOME | 5,483,868 | 4,279,488 | 4,919,560 | 3,948,351 |
| OTHER OPERATING INCOME | | | | |
| Fees and commissions on loans and advances | 510,442 | 551,683 | 509,976 | 461,485 |
| Other fees and commissions | 542,670 | 464,899 | 429,763 | 422,252 |
| Foreign exchange trading income | 1,164,312 | 946,410 | 1,074,248 | 851,587 |
| Dividend income | - | - | - | - |
| Other income | 679,106 | 418,652 | 480,729 | 244,154 |
| TOTAL NON-INTEREST INCOME | 2,896,530 | 2,381,644 | 2,494,716 | 1,979,478 |
| TOTAL OPERATING INCOME | 8,380,398 | 6,661,132 | 7,414,276 | 5,927,829 |
| OPERATING EXPENSES | | | | |
| Loan loss provision | 297,485 | 258,151 | 265,264 | 249,166 |
| Staff costs | 1,814,769 | 1,480,668 | 1,482,668 | 1,229,415 |
| Directors' emoluments | 163,882 | 117,582 | 109,886 | 97,170 |
| Rental charges | 169,317 | 137,530 | 101,037 | 95,846 |
| Depreciation charge on property and equipment | 204,471 | 157,276 | 173,730 | 143,259 |
| Amortisation charges | 113,461 | 41,512 | 97,213 | 35,572 |
| Other operating expenses | 1,099,046 | 863,465 | 873,529 | 716,799 |
| TOTAL OPERATING EXPENSES | 3,862,431 | 3,056,184 | 3,103,327 | 2,567,227 |
| Profit before tax and exceptional items | 4,517,967 | 3,604,948 | 4,310,949 | 3,360,602 |
| Exceptional items | - | - | - | - |
| PROFIT AFTER EXCEPTIONAL ITEMS | 4,517,967 | 3,604,948 | 4,310,949 | 3,360,602 |
| Current tax | (1,561,372) | (1,070,517) | (1,470,111) | (999,157) |
| Deferred tax | 80,199 | 172,705 | 67,024 | 171,603 |
| PROFIT AFTER TAX AND EXCEPTIONAL ITEMS | 3,036,794 | 2,707,136 | 2,907,862 | 2,533,048 |
| EARNINGS PER SHARE - BASIC & DILUTED | Shs 6.03 | Shs 5.54 | Shs 5.87 | Shs 5.29 |
| INTERIM DIVIDEND PER SHARE - PAID | - | 0.25 | - | 0.25 |
| FINAL DIVIDEND PER SHARE - DECLARED | 1.00 | 0.25 | 1.00 | 0.25 |
| OTHER DISCLOSURES | | | | |
| | | | Shs '000 | Shs '000 |
| 1. NON-PERFORMING LOANS AND ADVANCES | | | | |
| (a) Gross Non-performing loans and advances | | | 3,209,075 | 2,721,451 |
| (b) Less Interest in Suspense | | | 1,158,201 | 1,064,779 |
| (c) TOTAL NON-PERFORMING LOANS AND ADVANCES (a-b) | | | 2,050,874 | 1,656,672 |
| (d) Less Loan Loss Provision | | | 1,583,147 | 1,587,162 |
| (e) NET NON-PERFORMING LOANS AND ADVANCES (c-d) | | | 467,727 | 69,510 |
| (f) Discounted Value of Securities | | | 467,727 | 69,510 |
| (g) NET NPLS EXPOSURE (e-f) | | | - | - |
| 2. INSIDER LOANS AND ADVANCES | | | | |
| (a) Directors, Shareholders and Associates | | | 1,302,049 | 1,559,786 |
| (b) Employees | | | 620,288 | 587,883 |
| (c) TOTAL INSIDER LOANS AND ADVANCES AND OTHER FACILITIES | | | 1,922,337 | 2,147,669 |
| 3. OFF-BALANCE SHEET ITEMS | | | | |
| (a) Letters of credit, guarantees, acceptances | | | 13,486,049 | 12,829,381 |
| (b) Other contingent liabilities | | | 10,366,805 | 10,519,850 |
| (c) TOTAL CONTINGENT LIABILITIES | | | 23,852,854 | 23,349,231 |
| 4. CAPITAL STRENGTH | | | | |
| (a) Core capital | | | 12,569,308 | 9,073,356 |
| (b) Minimum Statutory Capital | | | 1,000,000 | 700,000 |
| (c) Excess (a-b) | | | 11,569,308 | 8,373,356 |
| (d) Supplementary Capital | | | 677,140 | 547,485 |
| (e) TOTAL CAPITAL (a+d) | | | 13,246,448 | 9,620,841 |
| (f) TOTAL RISK WEIGHTED ASSETS | | | 80,565,229 | 60,555,497 |
| (g) Core Capital / Total deposits liabilities | | | 16.29% | 14.68% |
| (h) Minimum statutory ratio | | | 8.00% | 8.00% |
| (i) Excess (g-h) | | | 8.29% | 6.68% |
| (j) Core Capital / Total risk weighted assets | | | 15.60% | 14.98% |
| (k) Minimum statutory ratio | | | 8.00% | 8.00% |
| (l) Excess (j-k) | | | 7.60% | 6.98% |
| (m) Total Capital / Total risk weighted assets | | | 16.44% | 15.89% |
| (n) Minimum statutory ratio | | | 12.00% | 12.00% |
| (o) Excess (m-n) | | | 4.44% | 3.89% |
| 5. LIQUIDITY | | | | |
| (a) Liquidity Ratio | | | 35.38% | 27.41% |
| (b) Minimum statutory ratio | | | 20.00% | 20.00% |
| (c) Excess (a-b) | | | 15.38% | 7.41% |



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NIC Bank Ltd is regulated by the Central Bank of Kenya.

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ANNUAL GENERAL MEETING

Notice is hereby given that the fifty third Annual General Meeting of the shareholders of NIC Bank Limited will be held at the Kenyatta International Conference Centre (KICC) – Tsavo Ball Room, Nairobi, on **Wednesday 8th May, 2013 at 11.00a.m.**

DIVIDEND

The Directors recommend the payment of a first and final dividend of Shs 1.00 per share (2011 – Shs 0.25 interim dividend and Shs 0.25 final dividend per share). The dividend payment is subject to the approval of the shareholders at the Annual General Meeting and dividend warrants will be posted on or about 8th May, 2013 to all members on the register at the close of business on **27th March, 2013.**

The register of members will be closed for one day on **28th March, 2013.**

MESSAGE FROM THE DIRECTORS

The statement of financial position and statement of comprehensive income are extracts from the Bank's financial statements as audited by Deloitte & Touche and have received an unqualified opinion.

A full set of published accounts will be available from our Registrars and Transfers Office, Custody & Registrar Services Ltd, Bruce House, Nairobi and online at www.nic-bank.com after approval by members at the Annual General Meeting.

The financial statements were approved and authorized for issue by the Board of Directors on **20th February 2013** and were signed on its behalf by:

J P M Ndegwa
Chairman

J W Macharia
Group Managing Director

F N Mwanzia
Director

L Murage
Group Company Secretary