

The Board of Directors of NIC Bank Limited is pleased to announce the un-audited financial results of the Bank for the period ended 30th June, 2008

BALANCE SHEET	30th June, 2008 Unaudited Shs '000	31st Mar, 2008 Unaudited Shs '000	31st Dec, 2007 Audited Shs '000	30th June, 2007 Unaudited Shs '000
ASSETS				
Cash (both Local & Foreign)	449,620	457,433	502,813	352,451
Balances due from Central Bank of Kenya	2,495,733	4,778,881	1,916,395	2,170,339
Kenya Government securities	1,958,357	2,172,097	2,411,997	1,884,438
Foreign Currency Treasury Bills & Bonds	-	-	-	-
Deposits and balances due from local banking institutions	95,698	471,524	103,184	618,032
Deposits and balances due from banking institutions abroad	5,006,509	3,513,061	2,579,207	2,968,776
Kenya Government and other securities held for dealing purposes	290,846	209,091	-	-
Tax recoverable	-	-	-	-
Loans and advances to customers (net)	25,727,316	23,696,461	22,209,186	18,488,958
Investment securities	-	-	-	-
Balances due from group companies	84,158	-	63	-
Investments in associates	-	-	-	-
Investments in subsidiary companies	277,666	277,666	277,666	90,501
Investments in joint ventures	-	-	-	-
Investment properties	-	-	-	-
Property and equipment	533,574	458,211	506,813	478,956
Prepaid lease rentals	7,937	7,969	8,000	8,062
Intangible assets	42,671	44,045	45,203	47,734
Deferred tax asset	-	-	-	-
Retirement benefit asset	-	-	-	-
Other assets	620,186	897,955	835,815	474,976
TOTAL ASSETS	37,590,271	36,984,394	31,396,342	27,583,223
LIABILITIES				
Balances due to Central Bank of Kenya	-	-	-	-
Customer deposits	30,164,742	28,985,172	24,805,595	22,992,173
Deposits and balances due to local banking institutions	801,430	1,470,000	-	-
Deposits and balances due to foreign banking institutions	-	-	-	-
Other money market deposits	-	-	-	-
Borrowed funds	644,320	663,693	650,100	372,916
Balances due to group companies	118,839	65,195	134,872	46,865
Tax payable	11,707	180,867	90,808	23,731
Dividends payable	-	-	-	-
Deferred tax liability	7,319	7,319	7,319	32,958
Retirement benefit liability	-	-	-	-
Other liabilities	889,224	666,823	972,451	906,844
TOTAL LIABILITIES	32,637,581	32,039,069	26,661,145	24,375,487
SHAREHOLDERS' FUNDS				
Paid up / Assigned capital	1,483,462	1,483,462	1,483,462	412,073
Share premium	340,946	340,946	340,946	299,944
Revaluation reserves	101,775	101,775	101,775	104,768
Retained earnings	2,787,915	2,563,623	2,368,922	2,240,801
Statutory loan reserves	238,592	218,165	202,738	150,150
Proposed dividends	-	237,354	237,354	-
Capital grants	-	-	-	-
TOTAL SHAREHOLDERS' FUNDS	4,952,690	4,945,325	4,735,197	3,207,736
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	37,590,271	36,984,394	31,396,342	27,583,223

PROFIT AND LOSS ACCOUNT

	30th June, 2008 Unaudited Shs '000	31st Mar, 2008 Unaudited Shs '000	31st Dec, 2007 Audited Shs '000	30th June, 2007 Unaudited Shs '000
INTEREST INCOME			-	
Loans and advances	1,529,419	723,576	2,543,740	1,170,723
Government securities	109,746	48,896	152,064	77,971
Deposits and placements with banking institutions	31,180	16,498	101,279	45,528
Other Interest Income	-	-	2,557	1,681
TOTAL INTEREST INCOME	1,670,345	788,970	2,799,640	1,295,903
INTEREST EXPENSE				
Customer deposits	698,002	327,509	1,098,787	496,532
Deposits and placement from banking institutions	48,885	15,242	18,359	12,345
Other interest expenses	18,715	11,876	44,447	20,067
TOTAL INTEREST EXPENSE	765,602	354,627	1,161,593	528,944
NET INTEREST INCOME	904,743	434,343	1,638,047	766,959
OTHER OPERATING INCOME				
Fees and commissions on loans and advances	90,800	32,253	150,598	56,078
Other fees and commissions	150,895	73,273	273,222	137,648
Foreign exchange trading income	193,726	119,754	206,731	107,570
Dividend Income	-	-	-	-
Other income	70,724	27,979	113,141	49,840
TOTAL NON-INTEREST INCOME	506,145	253,259	743,692	351,136
TOTAL OPERATING INCOME	1,410,888	687,602	2,381,739	1,118,095
OPERATING EXPENSES				
Loan loss provision	94,405	64,414	100,067	51,487
Staff costs	287,350	136,821	599,392	250,213
Directors' emoluments	22,052	10,873	52,042	21,876
Rental charges	43,581	20,150	35,070	32,010
Depreciation charge on property and equipment	46,650	22,644	102,283	47,797
Amortisation charges	9,407	4,528	26,209	13,785
Other operating expenses	257,293	127,979	418,565	230,402
TOTAL OPERATING EXPENSES	760,738	387,409	1,333,628	647,570
Profit before tax and exceptional items	650,150	300,193	1,048,111	470,525
Exceptional items	-	-	-	-
PROFIT AFTER EXCEPTIONAL ITEMS	650,150	300,193	1,048,111	470,525
Current tax	(195,045)	(90,058)	(329,312)	(141,155)
Deferred tax	-	-	25,639	-
PROFIT AFTER TAX AND EXCEPTIONAL ITEMS	455,105	210,135	744,438	329,370
	Shs	Shs	Shs	Shs
EARNINGS PER SHARE- BASIC & DILUTED	1.53	0.71	2.57	1.13
DIVIDEND PER SHARE - DECLARED	0.25	-	0.80	-

OTHER DISCLOSURES

	30th June, 2008 Unaudited Shs '000	31st Mar, 2008 Unaudited Shs '000	31st Dec, 2007 Audited Shs '000	30th June, 2007 Unaudited Shs '000
1. NON-PERFORMING LOANS AND ADVANCES				
(a) Gross Non-performing loans and advances	1,188,612	1,187,253	1,156,255	1,120,740
(b) Less Interest in Suspense	227,823	206,558	188,531	173,171
(c) TOTAL NON-PERFORMING LOANS AND ADVANCES (a-b)	960,789	980,695	967,724	947,569
(d) Less Loan Loss Provision	533,781	510,107	479,884	426,315
(e) NET NON-PERFORMING LOANS AND ADVANCES (c-d)	427,008	470,588	487,840	521,254
(f) Discounted Value of Securities	427,008	470,588	487,840	521,254
(g) NET NPLS EXPOSURE (e-f)	-	-	-	-
2. INSIDER LOANS AND ADVANCES				
(a) Directors, Shareholders and Associates	875,499	555,884	471,340	440,448
(b) Employees	271,349	309,709	315,361	231,684
(c) TOTAL INSIDER LOANS AND ADVANCES AND OTHER FACILITIES	1,146,848	865,593	786,701	672,132
3. OFF-BALANCE SHEET ITEMS				
(a) Letters of credit, guarantees, acceptances	4,673,053	4,674,302	4,550,164	3,378,912
(b) Other contingent liabilities	6,368,708	7,731,971	-	-
(c) TOTAL CONTINGENT LIABILITIES	11,041,761	12,406,273	4,550,164	3,378,912
4. CAPITAL STRENGTH				
(a) Core capital	4,384,771	4,282,964	4,058,465	2,788,133
(b) Minimum Statutory Capital	250,000	250,000	250,000	250,000
(c.) Excess (a-b)	4,134,771	4,032,964	3,808,465	2,538,133
(d) Supplementary Capital	264,036	243,609	228,182	176,342
(e) TOTAL CAPITAL (a+d)	4,648,806	4,526,572	4,286,647	2,964,475
(f) TOTAL RISK WEIGHTED ASSETS	30,575,977	28,171,550	25,625,430	22,955,692
(g) Core Capital / Total deposits liabilities	14.54%	14.76%	16.30%	12.12%
(h) Minimum statutory ratio	8.00%	8.00%	8.00%	8.00%
(I) Excess (g-h)	6.54%	6.76%	8.30%	4.12%
(j) Core Capital / Total risk weighted assets	14.34%	15.20%	15.84%	12.15%
(k) Minimum statutory ratio	8.00%	8.00%	8.00%	8.00%
(I) Excess (j-k)	6.34%	7.20%	7.84%	4.15%
(m) Total Capital / Total risk weighted assets	15.20%	16.07%	16.73%	12.91%
(n) Minimum statutory ratio	12.00%	12.00%	12.00%	12.00%
(o) Excess (m-n)	3.20%	4.07%	4.73%	0.91%
5. LIQUIDITY				
(a) Liquidity Ratio	30.15%	30.99%	28.68%	32.69%
(b) Minimum statutory ratio	20.00%	20.00%	20.00%	20.00%
(c) Excess (a-b)	10.15%	10.99%	8.68%	12.69%

The above financial statements are extracts from the books of the institution.

Message from the Directors

The Directors have approved payment of an interim dividend of shs 0.25 per Ordinary share of Shs 5.00. Dividends warrants will be posted on or about 3rd October, 2008 to all members in the register at the close of business on 12th September, 2008. The register of members will be closed on 13th September, 2008 for purposes of preparing dividend warrants.

Signed

J P M Ndegwa
Chairman

J Macharia
Managing Director

L Murage
Company Secretary