

**QUARTERLY FINANCIAL STATEMENTS AND OTHER DISCLOSURES FOR THE PERIOD ENDING 30 JUNE, 2014**

<b>I STATEMENT OF FINANCIAL POSITION</b>				
	<b>30/06/2013 (Un-Audited) Shs'000</b>	<b>31/12/2013 (Audited) Shs'000</b>	<b>31/03/2014 (Un-Audited) Shs'000</b>	<b>30/06/2014 (Un-Audited) Shs'000</b>
<b>A ASSETS</b>				
1 Cash (both local and foreign)	283,000	379,851	362,191	373,041
2 Balances due from Central Bank of Kenya	1,252,211	554,217	537,021	747,442
3 Kenya Government and other securities held for dealing purposes securities	-	-	-	-
4 Financial Assets at fair value through profit and loss	1,736	2,061	2,604	3,298
5 Investment Securities:	-	-	-	-
<b>a. Held to Maturity:</b>	-	-	-	-
a. Kenya Government securities	3,341,841	3,055,828	3,047,606	3,028,222
b. Other securities	-	-	-	-
<b>b. Available for sale:</b>	-	-	-	-
a. Kenya Government securities	566,425	279,749	270,028	270,392
b. Other securities	-	-	-	-
6 Deposits and balances due from local banking institutions	300,000	-	5,958	-
7 Deposits and balances due from banking institutions abroad	356,373	136,261	160,698	143,209
8 Tax recoverable	31,852	79,945	79,945	79,944
9 Loans and advances to customers (net)	10,238,009	10,855,492	10,792,881	10,536,707
10 Balances due from banking institutions in the group	-	-	-	-
11 Investments in associates	-	-	-	-
12 Investments in subsidiary companies	-	-	-	-
13 Investments in joint ventures	-	-	-	-
14 Investments in properties	-	-	-	-
15 Property and equipment	908,025	885,907	864,171	845,710
16 Prepaid lease rentals	7,660	7,489	7,490	7,490
17 Intangible assets	89,143	286,700	279,659	289,533
18 Deferred tax asset	-	-	-	-
19 Retirement benefit asset	-	-	-	-
20 Other assets	530,990	255,131	320,510	291,903
<b>21 TOTAL ASSETS</b>	<b>17,907,265</b>	<b>16,778,631</b>	<b>16,730,762</b>	<b>16,616,891</b>
<b>B LIABILITIES</b>				
22 Balances due to Central Bank of Kenya	-	-	-	-
23 Customer Deposits	13,889,786	11,711,097	11,817,422	11,941,792
24 Deposits and balances due to local banking institutions	56,077	1,265,885	1,198,769	817,206
25 Deposits and balances due to foreign banking institutions	22	318	23	23
26 Other money market deposits	-	-	-	-
27 Borrowed funds	2,148,970	2,099,497	2,010,917	2,074,328
28 Balances due to banking institutions in the group/group companies	-	-	-	-
29 Tax payable	-	-	-	-
30 Dividends payable	-	-	-	-
31 Deferred tax liability	118,528	61,567	61,567	61,567
32 Retirement benefit liability	-	-	-	-
33 Other liabilities	167,753	398,565	383,751	490,358
<b>34 TOTAL LIABILITIES</b>	<b>16,381,136</b>	<b>15,536,929</b>	<b>15,472,449</b>	<b>15,385,274</b>
<b>C. SHAREHOLDERS' FUNDS</b>				
35 Paid up/Assigned capital	1,119,530	1,119,530	1,119,530	1,119,530
36 Share premium/(discount)	-	-	-	-
37 Revaluation reserves	318,171	309,328	309,871	310,565
38 Retained earnings/Accumulated losses	4,966	(276,143)	(258,641)	(279,135)
39 Statutory loan loss reserve	83,462	88,987	87,553	80,657
40 Other Reserves	-	-	-	-
41 Proposed dividends	-	-	-	-
42 Capital grants	-	-	-	-
<b>43 TOTAL SHAREHOLDERS' FUNDS</b>	<b>1,526,129</b>	<b>1,241,702</b>	<b>1,258,313</b>	<b>1,231,617</b>
<b>44 TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>17,907,265</b>	<b>16,778,631</b>	<b>16,730,762</b>	<b>16,616,891</b>
<b>II STATEMENT OF COMPREHENSIVE INCOME</b>				
	<b>30/06/2013 (Un-Audited) Shs'000</b>	<b>31/12/2013 (Audited) Shs'000</b>	<b>31/03/2014 (Un-Audited) Shs'000</b>	<b>30/06/2014 (Un-Audited) Shs'000</b>
<b>1 INTEREST INCOME</b>				
1.1 Loans and advances	927,671	1,940,870	449,910	850,030
1.2 Government securities	134,661	272,842	57,379	116,048
1.3 Deposits and placements with banking institutions	79,776	122,752	5,450	10,012
1.4 Other Interest income	-	-	-	-
<b>1.5 Total Interest income</b>	<b>1,142,108</b>	<b>2,336,464</b>	<b>512,739</b>	<b>976,090</b>
<b>2 INTEREST EXPENSES</b>				
2.1 Customer deposits	538,253	922,028	215,383	442,806
2.2 Deposits and placements on banking institutions	59	50,440	9,844	18,524
2.3 Other Interest Expenses	157,403	288,933	60,970	124,361
<b>2.4 Total Interest Expenses</b>	<b>695,715</b>	<b>1,261,401</b>	<b>286,197</b>	<b>585,691</b>
<b>3 NET INTEREST INCOME/(LOSS)</b>	<b>446,393</b>	<b>1,075,063</b>	<b>226,542</b>	<b>390,399</b>
<b>4 NON-OPERATING INCOME</b>				
4.1 Fees and commissions on loans and advances	81,868	168,031	38,537	61,590
4.2 Other fees and commissions	100,732	200,857	48,464	101,131
4.3 Foreign exchange trading income (Loss)	25,416	52,546	11,118	21,255
4.4 Dividend Income	-	-	-	-
4.5 Other income	39,409	22,862	15,260	46,925
<b>4.6 Total non-interest income</b>	<b>247,425</b>	<b>444,296</b>	<b>113,379</b>	<b>230,881</b>
<b>5 TOTAL OPERATING INCOME</b>	<b>693,818</b>	<b>1,519,359</b>	<b>339,921</b>	<b>621,280</b>
<b>6 OTHER OPERATING EXPENSES</b>				
6.1 Loan loss provision	143,340	406,803	39,183	76,179
6.2 Staff costs	298,030	635,205	158,465	309,937
6.3 Directors' emoluments	18,809	20,854	2,410	7,796
6.4 Rental charges	29,029	56,613	11,089	24,108
6.5 Depreciation charge on property and equipment	52,016	104,000	22,799	45,494
6.6 Amortisation charges	8,801	20,370	7,641	15,446
6.7 Other operating expenses	192,001	417,901	82,265	153,662
<b>6.8 Total Other Operating Expenses</b>	<b>742,026</b>	<b>1,661,746</b>	<b>323,852</b>	<b>652,622</b>
7 Profit/(loss) before tax and exceptional items	(48,208)	(142,387)	16,069	(11,342)
8 Exceptional items	-	-	-	-
<b>9 Profit/(loss) after exceptional items</b>	<b>(48,208)</b>	<b>(142,387)</b>	<b>16,069</b>	<b>(11,342)</b>
10 Current tax	-	33,279	-	-
11 Deferred tax	-	-	-	-
<b>12 Profit / (loss) after tax and exceptional items</b>	<b>(48,208)</b>	<b>(109,108)</b>	<b>16,069</b>	<b>(11,342)</b>
<b>13 Other Comprehensive Income:</b>				
13.1 Exchange differences on translating foreign operations	-	-	-	-
13.2 Available-for-sale financial assets	174.00	499	543	1,237
13.4 Gains on property revaluation	-	-	-	-
13.5 Share of other comprehensive income of associates	-	-	-	-
13.6 Income tax relating to components of other comprehensive income	-	-	-	-
<b>14 Other comprehensive income for the year net of tax</b>	<b>174</b>	<b>499</b>	<b>543</b>	<b>1,237</b>
<b>15 Total comprehensive income for the year</b>	<b>(48,034)</b>	<b>(108,609)</b>	<b>16,612</b>	<b>(10,105)</b>
<b>III. OTHER DISCLOSURES</b>				
	<b>30/06/2013 (Un-Audited) Shs'000</b>	<b>31/12/2013 (Audited) Shs'000</b>	<b>31/03/2014 (Un-Audited) Shs'000</b>	<b>30/06/2014 (Un-Audited) Shs'000</b>
<b>1) NON-PERFORMING LOANS AND ADVANCES</b>				
<b>a) Gross non-performing loans and advances</b>	<b>1,492,520</b>	<b>1,660,831</b>	<b>1,844,123</b>	<b>2,462,145</b>
Less:				
b) Interest in suspense	188,478	278,482	325,700	426,095
<b>c) Total Non-performing loans and advances (a-b)</b>	<b>1,304,042</b>	<b>1,382,349</b>	<b>1,518,423</b>	<b>2,036,050</b>
Less:				
d) Loan loss provisions	467,063	704,433	739,076	772,183
e) Net non-performing loans (c-d)	836,979	677,916	779,347	1,263,867
f) Discounted value of securities	836,979	677,916	779,347	1,263,867
<b>g) Net NPLs Exposure (e-f)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2) Insider loans and advances</b>				
a) Directors, shareholders and associates	21,259	-	-	-
b) Employees	644,601	660,787	689,040	726,868
<b>c) Total insider loans, advances and other facilities</b>	<b>665,860</b>	<b>660,787</b>	<b>689,040</b>	<b>726,868</b>
<b>3) Off-balance sheet items</b>				
a) Letters of credit, guarantees, acceptances	1,014,324	1,111,719	988,756	822,105
b) Forwards, swaps and options	291,074	100,395	167,320	291,140
c) Other contingent liabilities	-	7,931	-	-
<b>c) Total contingent liabilities</b>	<b>1,305,398</b>	<b>1,220,045</b>	<b>1,156,076</b>	<b>1,113,245</b>
<b>4) Capital strength</b>				
a) Core capital	1,124,496	843,387	852,855	840,395
b) Minimum statutory capital	1,000,000	1,000,000	1,000,000	1,000,000
c) Excess/(deficiency)	124,496	(156,613)	(147,145)	(159,605)
d) Supplementary capital	370,408	373,786	365,531	365,311
e) Total capital (a+d)	1,494,904	1,217,173	1,218,448	1,205,706
f) Total risk weighted assets	10,704,279	11,253,911	14,295,159	13,930,263
g) Core capital/total deposit liabilities	8.7%	7.0%	6.8%	6.7%
h) Minimum Statutory Ratio	8.0%	8.0%	8.0%	8.0%
i) Excess/(Deficiency) (g-h)	0.1%	-1.0%	-1.2%	-1.3%
j) Core capital/total risk weighted assets	10.5%	7.5%	6.0%	6.0%
k) Minimum Statutory Ratio	8.0%	8.0%	8.0%	8.0%
l) Excess/(Deficiency) (j-k)	2.5%	-0.5%	-2.0%	-2.0%
m) Total capital/total risk weighted assets	14.0%	10.8%	8.5%	8.7%
n) Minimum Statutory Ratio	12.0%	12.0%	12.0%	12.0%
o) Excess/(Deficiency) (m-n)	2.0%	-1.2%	-3.5%	-3.3%
<b>5) Liquidity</b>				
a) Liquidity Ratio	48.3%	27.5%	26.5%	30.1%
b) Minimum statutory Ratio	20.0%	20.0%	20.0%	20.0%
c) Excess/(Deficiency) (a-b)	28.3%	7.5%	6.5%	10.1%

These financial statements are extracts from the books of the institution. The complete set of quarterly financial statements, statutory and qualitative disclosures can be accessed in the institutions website [www.consolidated-bank.com](http://www.consolidated-bank.com). They may also be accessed at the institutions head office located at **Consolidated Bank House, 23 Koinange Street.**