

AUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES FOR THE YEAR ENDED 31ST DECEMBER 2011

I STATEMENT OF FINANCIAL POSITION

	31-Dec-10 Audited (Restated) Shs. '000	31-Dec-11 Audited Shs. '000
1.0 ASSETS		
1.1 Cash (both Local & Foreign)		
1.2 Balances due from Central Bank of Kenya	834,292	1,109,236
1.3 Kenya Government securities	914,861	725,792
1.4 Foreign Currency Treasury Bills & Bonds	4,761,146	3,725,023
1.5 Deposits and balances due from local banking institutions	191,052	65,876
1.6 Deposits and balances due from banking institutions abroad	45,880	22,132
1.7 Kenya Government and other securities held for dealing purposes	450,000	760,000
1.8 Tax recoverable		
1.9 Loans and advances to customers (net)	10,298,791	16,332,359
1.1 Investment securities	499,895	706,273
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	27,670	71,400
1.16 Property and equipment	1,034,525	1,516,039
1.17 Prepaid lease rentals	6,184	176,410
1.18 Intangible assets	173,584	354,897
1.19 Deferred tax asset		
1.20 Retirement benefit asset		
1.21 Other assets	854,241	436,316
1.22 TOTAL ASSETS	20,092,121	26,001,754
2.0 LIABILITIES		
2.1 Balances due to Central Bank of Kenya		
2.2 Customer deposits	15,731,247	21,443,926
2.3 Deposits and balances due to local banking institutions		
2.4 Deposits and balances due to foreign banking institutions		
2.5 Other money market deposits		
2.6 Borrowed funds	472,972	677,264
2.7 Balances due to group companies		
2.8 Tax payable	17,916	16,853
2.9 Dividends payable	2,134	983
2.1 Deferred tax liability	21,393	25,875
2.11 Retirement benefit liability		
2.12 Other liabilities	836,820	513,135
2.13 TOTAL LIABILITIES	17,082,482	22,678,036
3.0 SHAREHOLDERS' FUNDS		
3.1 Paid up /Assigned capital	484,185	484,185
3.2 Share premium	1,644,429	1,644,429
3.3 Revaluation reserves	30,305	85,314
3.4 Retained earnings	663,228	868,294
3.5 Statutory loan reserves	90,655	144,659
3.6 Proposed dividends	96,837	96,837
3.7 Capital grants		
3.8 TOTAL SHAREHOLDERS' FUNDS	3,009,639	3,323,717
3.9 TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	20,092,121	26,001,754

II STATEMENT OF COMPREHENSIVE INCOME

	31-Dec-10 Audited (Restated) Shs. '000	31-Dec-11 Audited Shs. '000
4.0 INTEREST INCOME		
4.1 Loans and advances	1,588,280	2,366,232
4.2 Government securities	235,047	391,846
4.3 Deposits and placements with banking institutions	13,075	6,181
4.4 Other Interest Income	59,712	80,203
4.5 Total interest income	1,896,114	2,844,462
5.0 INTEREST EXPENSE		
5.1 Customer deposits	193,584	377,907
5.2 Deposits and placement from banking institutions		
5.3 Other interest expenses	32,142	112,173
5.4 Total interest expenses	225,726	490,080
5.5 NET INTEREST INCOME	1,670,388	2,354,382
6.0 OTHER OPERATING INCOME		
6.1 Fees and commissions on loans and advances	360,538	462,459
6.2 Other fees and commissions	769,656	806,397
6.3 Foreign exchange trading income	26,753	30,623
6.4 Dividend Income		
6.5 Other income	291,491	112,179
6.6 Total non-interest income	1,448,438	1,411,659
6.7 TOTAL OPERATING INCOME	3,118,826	3,766,040
7.0 OPERATING EXPENSES		
7.1 Loan loss provision	325,574	337,215
7.2 Staff costs	936,199	1,165,689
7.3 Directors' emoluments	28,177	27,962
7.4 Rental charges	340,175	462,651
7.5 Depreciation charge on property and equipment	246,116	282,453
7.6 Amortisation charges	163	1,509
7.7 Other operating expenses	724,464	965,996
7.8 Total operating expenses	2,600,867	3,243,475
7.9 Profit before tax and exceptional items	517,960	522,565
7.10 Exceptional items		
7.11 Profit after exceptional items	517,960	522,565
7.12 Current tax	152,360	187,736
7.13 Deferred tax	10,909	(19,775)
7.14 Profit after tax and exceptional items	354,691	354,605

III OTHER DISCLOSURES

	31-Dec-10 Audited (Restated) Shs. '000	31-Dec-11 Audited Shs. '000
10.0 NON-PERFORMING LOANS AND ADVANCES		
10.1 (a) Gross Non-performing loans and advances	1,000,180	1,824,592
10.2 (b) Less Interest in Suspense	111,442	179,984
10.3 (c) Total Non-Performing Loans and Advances (a-b)	888,738	1,645,608
10.4 (d) Less Loan Loss Provision	585,756	916,524
10.5 (e) Net Non-Performing Loans and Advances(c-d)	302,982	729,083
10.6 (f) Discounted Value of Securities	302,982	729,083
10.7 (g) Net NPLs Exposure (e-f)		
11.0 INSIDER LOANS AND ADVANCES		
11.1 (a) Directors, Shareholders and Associates	192,965	99,104
11.2 (b) Employees	266,037	526,650
11.3 (c) Total Insider Loans and Advances and other facilities	459,002	625,754
12.0 OFF-BALANCE SHEET ITEMS		
12.1 (a) Letters of credit, guarantees, acceptances	391,445	419,719
12.2 (b) Other contingent liabilities	5,963	299,065
12.3 (c) Total Contingent Liabilities	397,408	718,784
13.0 CAPITAL STRENGTH		
13.1 (a) Core capital	2,950,068	2,996,908
13.2 (b) Minimum Statutory Capital	500,000	700,000
13.3 (c) Excess (a-b)	2,450,068	2,296,908
13.4 (d) Supplementary Capital	99,487	153,491
13.5 (e) Total Capital (a+d)	3,049,555	3,150,398
13.6 (f) Total risk weighted assets	12,757,599	18,519,221
13.7 (g) Core Capital/Total deposits Liabilities	18.75%	13.98%
13.8 (h) Minimum statutory Ratio	8.00%	8.00%
13.9 (i) Excess	10.75%	5.98%
13.1 (j) Core Capital / total risk weighted assets	23.12%	16.18%
13.11 (k) Minimum Statutory Ratio	8.00%	8.00%
13.12 (l) Excess	15.12%	8.18%
13.13 (m) Total Capital/total risk weighted assets	23.90%	17.01%
13.14 (n) Minimum statutory Ratio	12.00%	12.00%
13.15 (o) Excess (m-n)	11.90%	5.01%
14.0 LIQUIDITY		
14.1 (a) Liquidity Ratio	44.96%	28.20%
14.2 (b) Minimum Statutory Ratio	20.00%	20.00%
14.3 (c) Excess (a-b)	24.96%	8.20%

Message from the Directors

The above statement of financial position, statement of comprehensive income and disclosures are extracts from the Bank's Financial Statements. The financial statements were approved by the Board of Directors on 23rd March 2012. The Financial Statements were audited and received an unqualified opinion.

Annual General Meeting

Notice is hereby given that the Annual General Meeting of Family Bank Limited will be held at KICC on Thursday 31st May 2012. The Directors recommend, for approval at the next Annual General Meeting, the payment of a dividend of 20% or Ksh 0.40 per share subject to withholding tax where applicable. The dividend will be paid on or about 4th June 2012 to members on the register at the close of business on 31st May 2012, subject to approval at the Annual General Meeting. To facilitate payment of the dividend, the register of members will be closed on 31st May 2012.

Signed T. K. Muya
Chairman

Peter Muniyiri
Managing Director & CEO