

BALANCE SHEET

	AUDITED DECEMBER 2004 (KSHS'000)	AUDITED DECEMBER 2003 (KSHS'000)
A ASSETS		
1 Cash and balances with Central Bank of Kenya	816,656	780,643
2 Government securities	3,489,866	4,186,913
3 Deposits and balances due from banking institutions	847,461	450,365
4 Government and other securities held for dealing	-	-
5 Other assets	298,139	152,192
6 Tax recoverable	-	-
7 Loans and advances to customers (net)	8,198,469	5,315,431
8 Investment securities	103,349	117,068
9 Balances due from Group Companies	-	-
10 Investments in associates	-	-
11 Equity Investment	-	-
12 Investment properties	855,277	855,277
13 Property and equipment	147,670	124,096
14 Prepaid operating lease rentals	113,314	114,623
15 Intangible assets	10,747	11,724
16 Deferred tax asset	30,945	21,693
17 Retirement benefit asset	-	-
18 TOTAL ASSETS	14,911,893	12,130,025
B LIABILITIES		
19 Customer deposits	11,634,660	10,142,230
20 Deposits and balances due to banking institutions	292,911	114,266
21 Balances due to Central Bank of Kenya	-	-
22 Other money market deposits	626,188	-
23 Borrowed funds	311,025	-
24 Balances due to Group Companies	-	-
25 Other liabilities	174,781	143,608
26 Tax payable	19,549	32,231
27 Dividends Payable	2,049	1,609
28 Deferred tax liability	-	-
29 Retirement benefit liability	-	-
30 TOTAL LIABILITIES	13,061,163	10,433,944
C SHAREHOLDERS' EQUITY		
31 Paid up share capital	1,000,000	1,000,000
32 Share premium	158,325	158,325
33 Revaluation reserve	-	-
34 Retained earnings	562,405	437,756
35 Proposed dividends	130,000	100,000
36 Shareholders loans/grants	-	-
37 TOTAL SHAREHOLDERS' EQUITY	1,850,730	1,696,081
38 TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	14,911,893	12,130,025

PROFIT AND LOSS STATEMENT

	AUDITED DECEMBER 2004 (KSHS'000)	AUDITED DECEMBER 2003 (KSHS'000)
1 INTEREST INCOME		
1.1 Loans and advances	675,664	560,778
1.2 Government securities	291,792	328,161
1.3 Deposits and placements with banking institutions	28,447	24,085
1.4 Other	8,678	8,087
1.5 Total interest income	1,004,581	921,111
2 INTEREST EXPENSE		
2.1 Customer deposits	246,808	286,169
2.2 Deposits and placements from banking institutions	16,155	9,670
2.3 Other	-	-
2.4 Total interest expense	262,963	295,839
3 NET INTEREST INCOME	741,618	625,272
4 OTHER OPERATING INCOME		
4.1 Fees and commissions income	116,710	85,026
4.2 Foreign exchange trading income	48,533	40,925
4.3 Dividend income	-	-
4.4 Other income	116,047	57,557
4.5 Total non-interest income	281,290	183,508
5 TOTAL OPERATING INCOME	1,022,908	808,780
6 OPERATING EXPENSES		
6.1 Bad and doubtful debts expenses	139,243	120,517
6.2 Staff costs	217,327	160,061
6.3 Directors' emoluments	5,781	5,606
6.4 Operating lease rentals	27,089	25,741
6.5 Depreciation on property and equipment	49,813	44,930
6.6 Other operating expenses	211,795	167,092
6.7 Total Operating Expenses	651,048	523,947
7 Profit before tax and exceptional items	371,860	284,833
8 Exceptional items	-	-
9 Profit before tax	371,860	284,833
10 Current tax	(126,463)	(96,828)
11 Deferred tax	9,252	7,073
12 Profit after tax	254,649	195,078

OTHER DISCLOSURES

	AUDITED DECEMBER 2004 (KSHS'000)	AUDITED DECEMBER 2003 (KSHS'000)
1 Non - Performing loans and advances		
a) Total non-performing loans and advances	766,030	447,811
b) Specific provision for bad debts	188,916	130,862
c) Net non-performing loans (a-b)	577,114	316,949
d) Realisable value of securities	611,345	356,654
e) Net NPLs exposure (c-d)	(34,231)	(39,705)
f) General provision for loans and advances	81,000	52,048
g) Total Provisions for loans and advances (b+f)	269,916	182,910
2 Insider Loans and Advances		
a) Directors, shareholders and associates	58,112	21,308
b) Employees	46,359	26,833
c) Total Insider Loans and Advances	104,471	48,141
3 Off - Balance Sheet items		
a) Letters of Credit, Guarantees, Acceptances	2,883,626	2,213,228
b) Other contingent items	1,319,437	879,548
c) Total contingent liabilities	4,203,063	3,092,776
4 Capital Strength		
a) Core capital	1,709,983	1,584,357
b) Supplementary capital	-	-
c) Total capital (a+b)	1,709,983	1,584,357
d) Total risk weighted assets	11,895,284	7,759,995
e) Core capital/total deposit liabilities	14.34%	15.45%
f) Core capital/total risk weighted assets	14.38%	20.42%
g) Total capital/total risk weighted assets	14.38%	20.42%

MESSAGE FROM THE DIRECTORS

The above are extracts of the audited financial statements and records of the institution approved by the board of directors on 24th March, 2005. The financial statements were audited by KPMG Kenya and received an unqualified opinion

Signed:

S.B.R Shah
S.S Shah

Chairman
Executive Director

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