



GULF AFRICAN BANK LTD - AUDITED FINANCIAL STATEMENT AND DISCLOSURES AS AT 31 DECEMBER 2009

I BALANCE SHEET

	31 DEC 2009 AUDITED Shs 000	31 DEC 2008 AUDITED Shs 000
A ASSETS		
1 Cash (Both local and foreign)	318,546	258,240
2 Balances due from Central Bank of Kenya	380,924	202,458
3 Kenya Government securities	495,906	-
4 Foreign Currency Treasury bills and bonds	-	-
5 Deposits and balances due from local banking institutions	525,682	1,515,013
6 Deposits and balances due from banking institutions abroad	104,834	108,195
7 Government and other securities held for dealing purposes	-	-
8 Tax recoverable	-	-
9 Loans and advances to customers (net)	4,950,218	1,932,165
10 Investment securities	-	-
11 Balances due from group companies	-	-
12 Investment in associates	-	-
13 Investment in subsidiaries	-	-
14 Investment in joint ventures	-	-
15 Investment properties	-	-
16 Property and equipment	372,172	359,495
17 Prepaid operating lease rentals	-	-
18 Intangible assets	101,314	121,453
19 Deferred tax asset	219,256	180,189
20 Retirement benefit asset	-	-
21 Other assets	280,088	322,689
22 Total assets	7,748,940	4,999,897
B LIABILITIES		
23 Balances due to Central Bank of Kenya	-	-
24 Customer deposits	6,424,890	3,427,813
25 Deposits and balances due to local banking institutions	-	-
26 Deposits and balances due to banking institutions abroad	-	-
27 Other money market deposits	-	-
28 Borrowed funds	-	-
29 Balances due to group companies	-	-
30 Tax payable	-	-
31 Dividends payable	-	-
32 Deferred income tax liability	-	-
33 Retirement benefit liability	-	-
34 Other liabilities	174,102	298,779
35 Total liabilities	6,598,992	3,726,592
C SHAREHOLDERS' EQUITY		
36 Paid up / assigned capital	250,000	250,000
37 Share premium / discount	1,500,000	1,500,000
38 Revaluation reserve	-	-
39 Retained earnings	(646,834)	(476,695)
40 Statutory Reserve	46,782	-
41 Proposed dividends	-	-
42 Shareholders' loans / capital grants	-	-
43 Total shareholders' equity	1,149,948	1,273,305
44 Total liabilities and shareholders' equity	7,748,940	4,999,897

II PROFIT AND LOSS ACCOUNT

1.0 OPERATING INCOME		
1.1 Loans and advances	382,557	40,619
1.2 Government securities	56,611	-
1.3 Deposits and placements with banking institutions	54,361	109,142
1.4 Other related income	-	-
1.5 Total operating income	493,529	149,761
2 EXPENSES ON DEPOSITS		
2.1 Customer deposits	51,836	1,605
2.2 Deposits and placements from banking institutions	2,166	2,815
2.3 Other related expenses	-	-
2.4 Total expenses on deposits	54,002	4,420
3 NET INCOME	439,527	145,341
4 OTHER OPERATING INCOME		
4.1 Fees and commissions on loans and advances	15,569	2,600
4.2 Other fees and commission	90,591	28,926
4.3 Foreign exchange trading income	27,277	70,708
4.4 Dividend income	-	-
4.5 Other income	-	-
4.6 Total other income	133,437	102,234
TOTAL OPERATING INCOME	572,964	247,575
OPERATING EXPENSES		
6.1 Loan loss provision	(16,581)	19,517
6.2 Staff costs	400,183	331,705
6.3 Directors' emoluments	2,048	2,461
6.4 Operating lease rentals	-	-
6.5 Depreciation charge on property and equipment	72,911	53,943
6.6 Amortisation charges	28,600	13,686
6.7 Other operating expenses	248,227	208,627
6.8 Total operating expenses	735,388	629,939
7 PROFIT BEFORE EXCEPTIONAL ITEMS AND INCOME TAX	(162,424)	(382,364)
8 Exceptional items	-	-
9 PROFIT AFTER EXCEPTIONAL ITEMS	(162,424)	(382,364)
9.2 PROFIT BEFORE INCOME TAX EXPENSE	(162,424)	(382,364)
10 Current income tax	-	-
11 Deferred income tax	39,067	100,983
12 PROFIT AFTER INCOME TAX EXPENSE	(123,357)	(281,381)
13 EARNINGS PER SHARE - BASIC	(9.87)	(22.51)

III. OTHER DISCLOSURES

1 NON-PERFORMING LOANS AND ADVANCES		
a) Gross Non-Performing Loans and Advances	14,437	-
b) Less Profit in suspense	(209)	-
c) Total non-performing loans (a-b)	14,228	-
d) Specific provisions for bad debts	(424)	-
e) Net non-performing loans (c-d)	13,804	-
f) Realisable value of securities	13,804	-
g) Net NPLs Exposure (c-d)	-	-
2 INSIDER LOANS AND ADVANCES		
a) Directors, shareholders and associates	192,641	324,544
b) Employees	149,042	42,342
c) Total Insider Loans and Advances	341,683	366,886
3 OFF-BALANCE SHEET ITEMS		
a) Letters of credit, guarantees and acceptances	1,935,707	442,545
b) Other contingent liabilities	50,682	-
c) Total contingent liabilities	1,986,389	442,545
4 CAPITAL STRENGTH		
a) Core capital	1,103,166	1,273,305
b) Minimum statutory capital	350,000	250,000
c) Excess	753,166	1,023,305
d) Supplementary capital	46,782	-
e) Total capital (a-d)	1,149,948	1,273,305
f) Total risk weighted assets	6,746,023	772,364
g) Core capital / total deposit liabilities	20.12%	39.20%
h) Minimum statutory ratio	8.00%	8.00%
i) Excess	12.12%	31.20%
j) Core capital / total risk weighted assets	16.35%	35.97%
k) Minimum statutory ratio	8.00%	8.00%
l) Excess (j - k)	8.35%	27.97%
m) Total capital / total risk weighted assets	17.05%	35.97%
n) Minimum statutory ratio	12.00%	12.00%
o) Excess (m - n)	5.05%	23.97%
5 LIQUIDITY		
a) Liquidity ratio	28.05%	59.00%
b) Minimum statutory ratio	20.00%	20.00%
c) Excess (a-b)	8.05%	39.00%

MESSAGE FROM THE DIRECTORS

Gulf African Bank, Kenya's premier Shari'ah compliant bank, recorded marked improvement in performance for the year ended 31 December 2009.

Highlights of the financial results:

- Financing portfolio up by 156% to KShs 4.9 billion
- Customer deposits up 87% to KShs 6.4 billion
- Total assets rose by 55% to KShs 7.7 billion
- Significant reduction in the loss after tax by 56% to KShs 123 million
- Increased customer base achieved on the back of a network of 12 service delivery centres.

The above balance sheet, profit and loss account and other disclosures are extracts from the bank's financial statements approved by the Board of Directors on 25 March 2010. The financial statements were audited by KPMG and received an unqualified opinion.

Suleiman Shahbal Chairman **Najmul Hassan** Chief Executive Officer