

AUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES

I BALANCE SHEET	31 Dec 2014	31 Dec 2015
	Shs. '000'	Shs. '000'
A ASSETS	Audited	Audited
1 Cash (both Local & Foreign)	193,068	253,697
2 Balances due from Central Bank of Kenya	262,789	452,911
3 Kenya Government and other securities held for dealing purposes		
4 Financial Assets at fair value through profit and loss		
5 Investment Securities:		
a) Held to Maturity:	1,282,042	1,022,901
a. Kenya Government securities	1,282,042	1,022,901
b. Other securities		
b) Available for sale:	367,950	258,650
a. Kenya Government securities	308,450	212,288
b. Other securities	59,500	46,362
6 Deposits and balances due from local banking institutions	591,599	446,200
7 Deposits and balances due from banking institutions abroad	78,778	127,960
8 Tax recoverable	30	7,463
9 Loans and advances to customers (net)	5,527,640	7,087,728
10 Balances due from banking institutions in the group		
11 Investments in associates		
12 Investments in subsidiary companies		
13 Investments in joint ventures		
14 Investment properties		
15 Property and equipment	301,473	247,315
16 Prepaid lease rentals		
17 Intangible assets	129,733	130,775
18 Deferred tax asset	23,876	142,629
19 Retirement benefit asset		
20 Other assets	105,559	108,860
21 TOTAL ASSETS	8,864,537	10,287,085
B LIABILITIES		
22 Balances due to Central Bank of Kenya		
23 Customer deposits	7,213,076	7,267,037
24 Deposits and balances due to local banking institutions	328,404	1,494,209
25 Deposits and balances due to foreign banking institutions		
26 Other money market deposits		
27 Borrowed funds		
28 Balances due to banking institutions in the group		
29 Tax payable	10,755	
30 Dividends payable		
31 Deferred tax liability		
32 Retirement benefit liability		
33 Other liabilities	160,641	133,884
34 TOTAL LIABILITIES	7,712,876	8,895,130
C SHAREHOLDERS' FUNDS		
35 Paid up /Assigned capital	1,150,000	1,339,745
36 Share premium/(discount)		108,901
37 Revaluation reserves		
38 Retained earnings/Accumulated losses	(38,385)	(103,180)
39 Statutory loan loss reserves	52,921	57,921
40 Other Reserves	(12,875)	(11,432)
41 Proposed dividends		
42 Capital grants		
43 TOTAL SHAREHOLDERS' FUNDS	1,151,660	1,391,955
44 Minority Interest		
45 TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	8,864,537	10,287,085
II PROFIT AND LOSS ACCOUNT		
11.0 INTEREST INCOME		
1.1 Loans and advances	897,886	1,066,398
1.2 Government securities	130,279	121,251
1.3 Deposits and placements with banking institutions	16,071	24,169
1.4 Other Interest Income	8,117	6,661
1.5 Total interest income	1,052,353	1,218,480
2.0 INTEREST EXPENSE		
2.1 Customer deposits	496,617	557,148
2.2 Deposits and placement from banking institutions	6,465	42,677
2.3 Other interest expenses		
2.4 Total interest expenses	503,081	599,825
3.0 NET INTEREST INCOME/(LOSS)	549,272	618,655
4.0 NON-INTEREST INCOME		
4.1 Fees and commissions on loans and advances	68,679	86,976
4.2 Other fees and commissions	40,521	80,118
4.3 Foreign exchange trading income/(Loss)	19,241	26,477
4.4 Dividend Income		
4.5 Other income	8,836	4,267
4.6 Total Non-interest income	137,276	197,838
5.0 TOTAL OPERATING INCOME	686,548	816,493
6.0 OTHER OPERATING EXPENSES		
6.1 Loan loss provision	117,746	223,120
6.2 Staff costs	294,313	347,311
6.3 Directors' emoluments	33,822	42,327
6.4 Rental charges	65,371	75,355
6.5 Depreciation charge on property and equipment	51,594	50,667
6.6 Amortisation charges	41,793	44,897
6.7 Other operating expenses	172,291	211,364
6.8 Total Other Operating Expenses	776,930	995,041
7.0 Profit/(loss) Before Tax and Exceptional Items	(90,382)	(178,548)
8.0 Exceptional Items		
9.0 Profit/(Loss) After Exceptional Items	(90,382)	(178,548)
10.0 Current Tax	1,566	(56,442)
11.0 Deferred Tax	(233)	(62,311)
12.0 Profit/(Loss) After Tax and Exceptional Items	(91,715)	(59,795)
13.0 Minority Interest		
14.0 Profit/(loss) after tax, exceptional items and Minority Interest	(91,715)	(59,795)
15.0 Other Comprehensive Income		
15.1 Gains/(Losses) from translating the financial statements of foreign operations		
15.2 Fair value changes in available for sale financial assets	8,176	2,061
15.3 Revaluation surplus on Property, plant and equipment		
15.4 Share of other comprehensive income of associates		
15.5 Income tax relating to components of other comprehensive income	(2,453)	(618)
16.0 Other Comprehensive Income for the year net of tax	5,723	1,443
17.0 Total comprehensive income for the year	(85,992)	(58,352)
18.0 EARNINGS PER SHARE- BASIC & DILUTED	-6.1	-4.5
19.0 DIVIDEND PER SHARE -DECLARED		
III OTHER DISCLOSURES		
11.0 NON-PERFORMING LOANS AND ADVANCES		
(a) Gross Non-performing loans and advances	586,252	514,747
(b) Less: Interest in Suspense	130,702	62,326
(c) Total Non-Performing Loans and Advances (a-b)	455,550	452,421
(d) Less: Loan Loss Provision	228,816	237,788
(e) Net Non-Performing Loans and Advances(c-d)	226,735	214,633
(f) Discounted Value of Securities	226,735	214,633
(g) Net NPLs Exposure (e-f)	-	-
2.0 INSIDER LOANS AND ADVANCES		
(a) Directors, Shareholders and Associates	249,594	199,865
(b) Employees	357,058	428,183
(c) Total Insider Loans and Advances and other facilities	606,652	628,048
3.0 OFF-BALANCE SHEET ITEMS		
(a) Letters of credit, guarantees, acceptances	334,692	1,507,141
(b) Forwards, swaps and options		
(c) Other contingent liabilities	856,347	1,570,247
(d) Total Contingent Liabilities	1,191,039	3,077,388
4.0 CAPITAL STRENGTH		
(a) Core capital	1,111,615	1,345,466
(b) Minimum Statutory Capital	1,000,000	1,000,000
(c) Excess/(Deficiency)(a-b)	111,615	345,466
(d) Supplementary Capital	52,921	57,921
(e) Total Capital (a+d)	1,164,536	1,390,635
(f) Total risk weighted assets	6,184,951	8,963,969
(g) Core Capital/Total deposits Liabilities	15.1%	17.8%
(h) Minimum statutory ratio	10.5%	8.0%
(i) Excess/(Deficiency) (g-h)	4.6%	9.8%
(j) Core Capital / total risk weighted assets	16.4%	14.2%
(k) Minimum Statutory Ratio	10.5%	10.5%
(l) Excess (Deficiency) (j-k)	5.9%	3.7%
(m) Total Capital/total risk weighted assets	17.2%	14.9%
(n) Minimum statutory Ratio	14.5%	14.5%
(o) Excess/(Deficiency) (m-n)	2.7%	0.4%
14 LIQUIDITY		
14.1 (a) Liquidity Ratio	32.2%	16.5%
14.2 (b) Minimum Statutory Ratio	20.0%	20.0%
14.3 (c) Excess (Deficiency) (a-b)	12.2%	-3.5%

The above Profit and Loss Account and Balance Sheet are extracts of financial statements audited by PriceWaterhouseCoopers and received an unqualified opinion. A full set of the financial statements is available from the Company Secretary or at our offices. The financial statements were approved by the Board of Directors on 22nd March 2016.

Chege Thumbi
Chief Executive Officer

NAIROBI BRANCH:
Mercantile House, Koinange Street

WESTLANDS BRANCH:
Empress Office Suite, Ring Rd, Parklands

RONGAI BRANCH
Maasai Mall

MACHAKOS BRANCH
MboluMalu Road

KISUMU BRANCH:
Swan Centre, Oginga Odinga Road,

INDUSTRIAL AREA BRANCH:
Butere Road

MOIMBASA BRANCH
Naivas Centre/Nyali Centre

Moses M Mwendwa
Director

KITENGELA BRANCH
Safari House

KISII BRANCH
Hospital Road

NAKURU BRANCH:
Apollo Plaza along Kenyatta Avenue

THIKA BRANCH
Biashara Mall

NAKURU BRANCH:
Giddo Plaza, Eldoret-Nakuru Highway

ELDORET BRANCH
Zion Mall,Uganda Road

LAVINGTON BRANCH
Lavington Hill