



# AFRICAN BANKING CORPORATION LTD.

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## QUARTERLY FINANCIAL STATEMENTS AND OTHER DISCLOSURES AS AT 30<sup>TH</sup> JUNE 2016

### I BALANCE SHEET

|   | Bank                                    |                                       |   | Group                                   |  |                                       |   |   |
|---|---|---------------------------------------|---|---|--|---------------------------------------|---|---|
|   | 30th Jun 2015<br>Unaudited<br>Shs '000' | 31st Dec 2015<br>Audited<br>Shs '000' | 31st Mar 2016<br>Unaudited<br>Shs '000' | 30th Jun 2016<br>Unaudited<br>Shs '000' | 30th June 2015<br>Unaudited<br>Shs '000' | 31st Dec 2015<br>Audited<br>Shs '000' | 31st Mar 2016<br>Unaudited<br>Shs '000' | 30th Jun 2016<br>Unaudited<br>Shs '000' |
| <b>A ASSETS</b>   |   |                                       |   |   |  |                                       |   |   |
| 1 Cash (both Local & Foreign)                                     | 152,523                                 | 181,083                               | 176,534                                 | 181,507                                 | 201,590                                  | 224,355                               | 221,456                                 | 231,953                                 |
| 2 Balances due from Central Bank of Kenya                         | 1,026,996                               | 903,947                               | 1,192,352                               | 3,398,270                               | 1,065,387                                | 1,006,547                             | 1,307,144                               | 3,454,108                               |
| 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:  |   |                                       |   |   |  |                                       |   |   |
| a. Kenya Government securities                                    | 4,008,793                               | 3,398,545                             | 2,900,091                               | 2,921,914                               | 4,514,529                                | 3,848,018                             | 3,297,451                               | 3,518,298                               |
| b. Other securities   | 3,797,584                               | 3,241,430                             | 2,900,091                               | 2,921,914                               | 3,797,584                                | 3,241,430                             | 2,900,091                               | 2,921,914                               |
| b) Available for sale:  |   |                                       |   |   |  |                                       |   |   |
| a. Kenya Government securities                                    | 211,209                                 | 157,115                               | -                                       | -                                       | 716,945                                  | 606,588                               | 397,360                                 | 596,384                                 |
| b. Other securities   | 806,540                                 | 499,621                               | 480,881                                 | 500,375                                 | 806,540                                  | 499,621                               | 480,881                                 | 500,375                                 |
| 6 Deposits and balances due from local banking institutions       | 79,480                                  | 91,784                                | 82,963                                  | 92,138                                  | 85,004                                   | 98,937                                | 95,333                                  | 98,212                                  |
| 7 Deposits and balances due from banking institutions abroad      | 38,179                                  | 31,481                                | 145,324                                 | 65,609                                  | 240,538                                  | 343,715                               | 480,108                                 | 298,766                                 |
| 8 Tax recoverable   | 80,302                                  | 20,655                                | 20,655                                  | 20,655                                  | 94,536                                   | 35,038                                | 34,777                                  | 35,383                                  |
| 9 Loans and advances to customers (net)                           | 13,526,969                              | 14,828,522                            | 14,062,190                              | 14,096,987                              | 14,085,325                               | 15,292,071                            | 14,518,774                              | 14,450,667                              |
| 10 Balances due from banking institutions in the group            | 10,999                                  | 11,479                                | 12,112                                  | 12,370                                  | -  | -                                     | -                                       | -                                       |
| 11 Investments in associates                                      | -                                       | -                                     | -                                       | -                                       | -  | -                                     | -                                       | -                                       |
| 12 Investments in subsidiary companies                            | 885,405                                 | 885,405                               | 885,405                                 | 885,405                                 | -  | -                                     | -                                       | -                                       |
| 13 Investments in joint ventures                                  | -                                       | -                                     | -                                       | -                                       | -  | -                                     | -                                       | -                                       |
| 14 Investment properties  | -                                       | -                                     | -                                       | -                                       | -  | -                                     | -                                       | -                                       |
| 15 Property and equipment   | 512,049                                 | 498,770                               | 527,216                                 | 517,904                                 | 548,938                                  | 532,416                               | 558,792                                 | 548,547                                 |
| 16 Prepaid lease rentals  | -                                       | -                                     | -                                       | -                                       | -  | -                                     | -                                       | -                                       |
| 17 Intangible assets  | 139,131                                 | 132,362                               | 128,134                                 | 125,286                                 | 139,647                                  | 132,719                               | 128,385                                 | 125,515                                 |
| 18 Deferred tax asset   | 31,501                                  | 25,440                                | 25,440                                  | 25,440                                  | 33,135                                   | 29,943                                | 30,046                                  | 32,563                                  |
| 19 Retirement benefit asset                                       | -                                       | -                                     | -                                       | -                                       | -  | -                                     | -                                       | -                                       |
| 20 Other assets   | 680,935                                 | 549,203                               | 1,088,356                               | 1,195,629                               | 733,529                                  | 574,364                               | 1,138,960                               | 1,254,025                               |
| 21 <b>TOTAL ASSETS</b>  | <b>21,979,802</b>                       | <b>22,058,297</b>                     | <b>21,727,653</b>                       | <b>24,039,489</b>                       | <b>22,548,698</b>                        | <b>22,292,107</b>                     | <b>22,292,107</b>                       | <b>24,548,412</b>                       |
| <b>B LIABILITIES</b>  |   |                                       |   |   |  |                                       |   |   |
| 22 Balances due to Central Bank of Kenya                          | -                                       | 1,098,624                             | 838,402                                 | 3,326,546                               | -  | 1,098,624                             | 838,402                                 | 3,326,546                               |
| 23 Customer deposits  | 16,820,736                              | 15,774,465                            | 15,995,342                              | 15,891,610                              | 17,226,592                               | 16,300,473                            | 16,485,489                              | 16,239,661                              |
| 24 Deposits and balances due to local banking institutions        | 388,354                                 | 370,229                               | 301,449                                 | -                                       | 388,354                                  | 370,229                               | 101,449                                 | 84,105                                  |
| 25 Deposits and balances due to foreign banking institutions      | 76,192                                  | 184,213                               | 196,942                                 | 185,080                                 | 16,752                                   | -                                     | 24,387                                  | -                                       |
| 26 Other money market deposits                                    | -                                       | -                                     | -                                       | -                                       | -  | -                                     | -                                       | -                                       |
| 27 Borrowed funds   | 1,479,147                               | 1,404,578                             | 1,350,014                               | 1,324,988                               | 1,479,147                                | 1,404,578                             | 1,350,014                               | 1,324,988                               |
| 28 Balances due to banking institutions in the group              | -                                       | -                                     | -                                       | -                                       | -  | -                                     | -                                       | -                                       |
| 29 Tax payable  | 54,324                                  | -                                     | 33,520                                  | 45,744                                  | 57,702                                   | -                                     | 38,068                                  | 49,813                                  |
| 30 Dividends payable  | -                                       | -                                     | -                                       | -                                       | -  | -                                     | -                                       | -                                       |
| 31 Deferred tax liability   | -                                       | -                                     | -                                       | -                                       | -  | -                                     | -                                       | -                                       |
| 32 Retirement benefit liability                                   | -                                       | -                                     | -                                       | -                                       | -  | -                                     | -                                       | -                                       |
| 33 Other liabilities  | 455,518                                 | 389,580                               | 315,394                                 | 321,994                                 | 488,520                                  | 413,454                               | 368,767                                 | 356,876                                 |
| 34 <b>TOTAL LIABILITIES</b>                                       | <b>19,274,271</b>                       | <b>19,221,689</b>                     | <b>18,831,063</b>                       | <b>21,095,962</b>                       | <b>19,656,797</b>                        | <b>19,587,358</b>                     | <b>19,206,576</b>                       | <b>21,381,989</b>                       |
| <b>C SHAREHOLDERS' FUNDS</b>                                      |   |                                       |   |   |  |                                       |   |   |
| 35 Paid up /Assigned capital                                      | 1,050,000                               | 1,050,000                             | 1,050,000                               | 1,050,000                               | 1,050,000                                | 1,050,000                             | 1,050,000                               | 1,050,000                               |
| 36 Share premium/(discount)                                       | -                                       | -                                     | -                                       | -                                       | -  | -                                     | -                                       | -                                       |
| 37 Revaluation reserves   | (52,023)                                | (60,908)                              | (79,139)                                | (60,727)                                | (159,010)                                | (136,555)                             | (152,786)                               | (136,374)                               |
| 38 Retained earnings/Accumulated losses                           | 1,607,345                               | 1,733,365                             | 1,811,578                               | 1,840,103                               | 1,614,163                                | 1,742,052                             | 1,824,733                               | 1,858,333                               |
| 39 Statutory loan loss reserves                                   | 100,209                                 | 114,151                               | 114,151                                 | 114,151                                 | 105,912                                  | 120,957                               | 118,717                                 | 117,687                                 |
| 40 Other Reserves   | -                                       | -                                     | -                                       | -                                       | (7,533)                                  | (30,322)                              | (38,260)                                | (15,261)                                |
| 41 Proposed dividends   | -                                       | -                                     | -                                       | -                                       | -  | -                                     | -                                       | -                                       |
| 42 Capital grants   | -                                       | -                                     | -                                       | -                                       | -  | -                                     | -                                       | -                                       |
| 43 <b>TOTAL SHAREHOLDERS' FUNDS</b>                               | <b>2,705,531</b>                        | <b>2,836,608</b>                      | <b>2,896,590</b>                        | <b>2,943,527</b>                        | <b>2,603,532</b>                         | <b>2,746,132</b>                      | <b>2,798,404</b>                        | <b>2,874,385</b>                        |
| 44 Minority Interest  | -                                       | -                                     | -                                       | -                                       | 288,369                                  | 284,254                               | 287,127                                 | 292,038                                 |
| 45 <b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>               | <b>21,979,802</b>                       | <b>22,058,297</b>                     | <b>21,727,653</b>                       | <b>24,039,489</b>                       | <b>22,548,698</b>                        | <b>22,617,744</b>                     | <b>22,292,107</b>                       | <b>24,548,412</b>                       |

### II PROFIT AND LOSS ACCOUNT

|   |                  |                  |                 |                  |                  |                  |                 |                  |
|---|------------------|------------------|-----------------|------------------|------------------|------------------|-----------------|------------------|
| <b>1.0 INTEREST INCOME</b>  |                  |                  |                 |                  |                  |                  |                 |                  |
| 1.1 Loans and advances  | 1,054,480        | 2,287,672        | 663,732         | 1,393,628        | 1,109,212        | 2,396,824        | 688,123         | 1,441,394        |
| 1.2 Government securities   | 244,880          | 470,251          | 104,021         | 202,338          | 276,018          | 527,048          | 115,128         | 228,009          |
| 1.3 Deposits and placements with banking institutions                               | 2,189            | 3,706            | 11              | 31               | 8,537            | 25,030           | 19,972          | 23,423           |
| 1.4 Other Interest Income   | 13,770           | 25,689           | 2,610           | 2,610            | 13,770           | 25,689           | 2,625           | 3,823            |
| 1.5 <b>Total interest income</b>  | <b>1,315,319</b> | <b>2,787,328</b> | <b>770,374</b>  | <b>1,598,607</b> | <b>1,407,537</b> | <b>2,974,601</b> | <b>819,848</b>  | <b>1,696,646</b> |
| <b>2.0 INTEREST EXPENSE</b>   |                  |                  |                 |                  |                  |                  |                 |                  |
| 2.1 Customer deposits   | 594,839          | 1,323,055        | 454,705         | 843,590          | 605,089          | 1,344,269        | 459,880         | 854,426          |
| 2.2 Deposits and placement from banking institutions                                | 17,663           | 97,941           | 32,881          | 111,468          | 18,327           | 94,399           | 32,701          | 106,843          |
| 2.3 Other interest expenses   | 83,108           | 164,051          | 38,028          | 76,180           | 83,108           | 164,051          | 38,028          | 76,180           |
| 2.4 <b>Total interest expenses</b>  | <b>695,610</b>   | <b>1,585,047</b> | <b>525,614</b>  | <b>1,031,238</b> | <b>706,524</b>   | <b>1,602,719</b> | <b>530,609</b>  | <b>1,037,449</b> |
| <b>3.0 NET INTEREST INCOME/(LOSS)</b>   | <b>619,709</b>   | <b>1,202,281</b> | <b>244,760</b>  | <b>567,369</b>   | <b>701,013</b>   | <b>1,371,882</b> | <b>289,239</b>  | <b>659,197</b>   |
| <b>4.0 NON-INTEREST INCOME</b>  |                  |                  |                 |                  |                  |                  |                 |                  |
| 4.1 Fees and commissions on loans and advances                                      | 56,584           | 166,062          | 42,128          | 61,266           | 59,363           | 168,798          | 44,013          | 64,777           |
| 4.2 Other fees and commissions  | 75,255           | 155,333          | 34,102          | 92,166           | 96,211           | 186,819          | 41,037          | 105,946          |
| 4.3 Foreign exchange trading income/(Loss)  | 50,582           | 60,245           | 33,925          | 39,326           | 53,817           | 64,225           | 35,110          | 41,534           |
| 4.4 Dividend Income   | -                | -                | -               | 27               | -                | -                | -               | 27               |
| 4.5 Other Income  | 1,718            | 8,781            | (1,681)         | (6,090)          | 10,586           | 43,080           | 2,006           | 7,029            |
| 4.6 <b>Total Non-Interest Income</b>  | <b>184,139</b>   | <b>390,421</b>   | <b>108,474</b>  | <b>186,695</b>   | <b>219,977</b>   | <b>462,922</b>   | <b>122,166</b>  | <b>219,313</b>   |
| 4.7 <b>OTHER OPERATING EXPENSES</b>   | <b>803,848</b>   | <b>1,592,702</b> | <b>353,234</b>  | <b>754,064</b>   | <b>920,990</b>   | <b>1,834,804</b> | <b>411,405</b>  | <b>878,510</b>   |
| 6.1 Loan loss provision   | 45,044           | 77,742           | 11,200          | 82,351           | 50,158           | 88,088           | 12,154          | 84,660           |
| 6.2 Staff costs   | 292,750          | 585,803          | 149,619         | 309,572          | 340,149          | 685,120          | 175,256         | 360,170          |
| 6.3 Directors' emoluments   | 26,585           | 58,188           | 14,365          | 28,025           | 26,585           | 59,770           | 14,428          | 28,155           |
| 6.4 Rental charges  | 33,795           | 69,172           | 16,793          | 32,949           | 45,916           | 94,398           | 23,956          | 47,700           |
| 6.5 Depreciation charge on property and equipment                                   | 32,385           | 62,018           | 13,888          | 27,269           | 36,306           | 69,970           | 15,740          | 31,144           |
| 6.6 Amortisation charges  | 7,992            | 16,258           | 4,227           | 8,454            | 8,178            | 16,650           | 4,331           | 8,580            |
| 6.7 Other operating expenses  | 184,218          | 368,095          | 31,409          | 112,962          | 218,212          | 432,409          | 46,023          | 144,141          |
| 6.8 <b>Total Other Operating Expenses</b>   | <b>622,769</b>   | <b>1,237,276</b> | <b>241,501</b>  | <b>601,582</b>   | <b>725,504</b>   | <b>1,446,405</b> | <b>291,888</b>  | <b>704,550</b>   |
| 7.0 <b>Profit/(loss) Before Tax and Exceptional Items</b>                           | <b>181,079</b>   | <b>355,426</b>   | <b>111,733</b>  | <b>152,482</b>   | <b>195,486</b>   | <b>388,399</b>   | <b>119,517</b>  | <b>173,960</b>   |
| 8.0 Exceptional Items   | -                | -                | -               | -                | -                | -                | -               | -                |
| 9.0 <b>Profit/(Loss) After Exceptional Items</b>                                    | <b>181,079</b>   | <b>355,426</b>   | <b>111,733</b>  | <b>152,482</b>   | <b>195,486</b>   | <b>388,399</b>   | <b>119,517</b>  | <b>173,960</b>   |
| 10.0 Current Tax  | 54,324           | 82,547           | 33,520          | 45,744           | 57,845           | 95,633           | 35,963          | 49,895           |
| 11.0 Deferred Tax   | -                | 6,161            | -               | -                | -                | 2,847            | -               | -                |
| 12.0 <b>Profit/(Loss) After Tax and Exceptional Items</b>                           | <b>126,755</b>   | <b>266,718</b>   | <b>78,213</b>   | <b>106,738</b>   | <b>137,641</b>   | <b>289,919</b>   | <b>83,554</b>   | <b>124,065</b>   |
| 13.0 Minority Interest  | -                | -                | -               | -                | 5,606            | 10,357           | 2,873           | 7,784            |
| 14.0 <b>Profit/(loss) after tax, exceptional items and Minority Interest</b>        | <b>126,755</b>   | <b>266,718</b>   | <b>78,213</b>   | <b>106,738</b>   | <b>132,035</b>   | <b>279,562</b>   | <b>80,681</b>   | <b>116,281</b>   |
| <b>15.0 Other Comprehensive Income</b>  |                  |                  |                 |                  |                  |                  |                 |                  |
| 15.1 Gains/(Losses) from translating the financial statements of foreign operations | -                | -                | -               | -                | -                | -                | -               | -                |
| 15.2 Fair value changes in available for sale financial assets                      | (43,775)         | (52,660)         | (18,231)        | 181              | (21,218)         | (76,917)         | (7,874)         | 15,061           |
| 15.3 Revaluation surplus on Property, plant and equipment                           | -                | -                | -               | -                | (43,775)         | (30,347)         | (18,231)        | 181              |
| 15.4 Share of other comprehensive income of associates                              | -                | -                | -               | -                | -                | -                | -               | -                |
| 15.5 Income tax relating to components of other comprehensive income                | -                | -                | -               | -                | -                | -                | -               | -                |
| 16.0 <b>Other Comprehensive Income for the year net of tax</b>                      | <b>(43,775)</b>  | <b>(52,660)</b>  | <b>(18,231)</b> | <b>181</b>       | <b>(64,993)</b>  | <b>(107,264)</b> | <b>(26,105)</b> | <b>15,242</b>    |
| 17.0 <b>Total comprehensive income for the year net of tax</b>                      | <b>82,980</b>    | <b>214,058</b>   | <b>59,982</b>   | <b>106,919</b>   | <b>72,648</b>    | <b>182,655</b>   | <b>57,449</b>   | <b>139,307</b>   |
| 18.0 <b>EARNINGS PER SHARE - BASIC &amp; DILUTED</b>                                | 1.21             | 2.54             | 0.74            | 1.02             | 1.31             | 2.66             | 0.80            | 1.18             |
| 19.0 <b>DIVIDEND PER SHARE -DECLARED</b>  | -                | -                | -               | -                | -                | -                | -               | -                |

### III OTHER DISCLOSURES

|  |                |                  |                  |                  |                |                  |                  |               |
|--|----------------|------------------|------------------|------------------|----------------|------------------|------------------|---------------|
| <b>1.0 NON-PERFORMING LOANS AND ADVANCES</b>             |                |                  |                  |                  |                |                  |                  |               |
| (a) Gross Non-performing loans and advances              | 1,357,215      | 2,676,858        | 2,803,218        | 2,821,502        | 1,363,275      | 2,694,737        | 2,824,209        | 2,839,822     |
| (b) Less: Interest in Suspense                           | 395,081        | 513,773          | 530,130          | 554,838          | 395,706        | 514,280          | 531,719          | 555,799       |
| (c) <b>Total Non-Performing Loans and Advances (a-b)</b> | <b>962,134</b> | <b>2,163,085</b> | <b>2,273,088</b> | <b>2,266,664</b> | <b>967,569</b> | <b>2,180,457</b> | <b>2,292,490</b> | <b>2,284,</b> |