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|---|--|---|--|---|--|--|--|--|--|
| AUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES AS AT 31ST DECEMBER 2017 | | | | | | | | | |
| I STATEMENT OF FINANCIAL POSITION | Bank | Bank | Group | Group | | | | | |
| | 31st Dec 2016 Audited Shs '000' | 31st Dec 2017 Audited Shs '000' | 31st Dec 2016 Audited Shs '000' | 31st Dec 2017 Audited Shs '000' | | | | | |
| A ASSETS 1 Cash (both Local & Foreign) 2 Balances due from Central Bank of Kenya 3 Kenya Government, and other securities held for dealing purpose | | 227,987 2,117,602 | 204,601 1,301,923 | 288,105 2,250,472 | | | | | |
| Financial Assets at fair value through profit and loss Investment Securities: a) Held to Maturity: | 2,920,747 | 2,791,871 | 3,391,142 | 3,234,711 | | | | | |
| a. Kenya Government securities b. Other securities b) Available for sale: a. Kenya Government securities | 2,920,747 504,209 504,209 | 2,791,871 533,402 533,402 | 2,920,747 470,395 504,209 504,209 | 2,791,871 442,840 533,402 533,402 | | | | | |
| b. Other securities Deposits and balances due from local banking institutions Deposits and balances due from banking institutions abroad | - 426,014 804.091 | 884,749 640.339 | 432,314 978,614 | 892,527 946,108 | | | | | |
| 8 Tax recoverable 9 Loans and advances to customers (net) 10 Balances due from banking institutions in the group | 19,219 14,228,599 12,731 | 6,154 15,382,987 13,301 | 33,717 14,641,988 | 19,970 15,905,885 | | | | | |
| 11 Investments in associates 12 Investments in subsidiary companies 13 Investments in joint ventures | 885,405 | 885,405 - | - | | | | | | |
| 14 Investment properties 15 Property and equipment 16 Prepaid lease rentals | 515,978 | 494,716 | 546,353 | 547,890 | | | | | |
| 17 Intangible assets 18 Deferred tax asset 19 Retirement benefit asset 20 Other assets | 122,352 25,084 - 563,119 | 129,680 21,260 - 674,954 | 123,796 31,538 - 674,773 | 212,027 41,763 - 713,808 | | | | | |
| 21 TOTAL ASSETS B LIABILITIES | 22,422,351 | 24,804,407 | 22,864,968 | 25,586,668 | | | | | |
| Balances due to Central Bank of Kenya Customer deposits Deposits and balances due to local banking institutions | 1,392,756 16,078,445 - | 19,700,816 150,099 | 1,392,756 16,573,195 7,603 | 20,390,948 150,099 | | | | | |
| 25 Deposits and balances due to foreign banking institutions 26 Other money market deposits 27 Borrowed funds | 344,133 - 1,248,742 | 253,187 - 1,142,417 | 152,240 - 1,248,742 | 284,329 1,142,417 | | | | | |
| 28 Balances due to banking institutions in the group 29 Tax payable 30 Dividends payable | - | 131,184 - - | - | - | | | | | |
| 31 Deferred tax liability 32 Retirement benefit liability 33 Other liabilities 34 TOTAL LIABILITIES | 361,512 19,425,588 | 266,558 21,644,261 | 393,199 19,767,735 | 355,499 22,323,292 | | | | | |
| 35 Paid up /Assigned capital | 1,050,000 | 1,050,000 | 1,050,000 | 1,050,000 | | | | | |
| 36 Share premium/(discount) 37 Revaluation reserves 38 Retained earnings/Accumulated losses | (58,014) 1,920,510 | (31,721) 2,040,087 101,780 | (159,156) 1,938,517 84,770 | (99.956) | | | | | |
| 39 Statutory loan loss reserves 40 Other Reserves 41 Proposed dividends | 84,267 - - | 101,780 - - | 84,770 (82,517) | 2,041,677 102,517 (93,706) | | | | | |
| 42 Capital grants 43 TOTAL SHAREHOLDERS' FUNDS 44 Minority Interest 45 TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS | 2,996,763 22,422,351 | 3,160,146 24,804,407 | 2,831,614 265,619 22,864,968 | 3,000,532 262,844 25,586,668 | | | | | |
| II STATEMENT OF COMPREHENSIVE INCOME | | 2 1,00 1,101 | | | | | | | |
| 1.0 INTEREST INCOME 1.1 Loans and advances 1.2 Government securities | 2,620,574 392,726 | 2,406,340 370,125 | 2,715,634 446,295 | 2,506,383 407,573 | | | | | |
| Deposits and placements with banking institutions Other Interest Income Total interest income | 6,238 2,610 3,022,148 | 43,758 2,820,223 | 47,319 2,923 3,212,171 | 74,751 2,988,707 | | | | | |
| 2.0 INTEREST EXPENSE 2.1 Customer deposits | 1,689,614 | 1,564,086 | 1,712,712 | 1,596,061 | | | | | |
| Deposits and placement from banking institutions Other interest expenses NET INTEREST INCOME/(LOSS) | 189,821 150,284 2,029,719 992,429 | 39,681 136,699 1,740,466 1,079,757 | 182,777 150,284 2,045,773 1,166,398 | 34,454 136,699 1,767,214 1,221,493 | | | | | |
| 4.0 NON-INTEREST INCOME 4.1 Fees and commissions on loans and advances | 225,455 | | | 283.028 | | | | | |
| 4.2 Other fees and commissions 4.3 Foreign exchange trading income/(Loss) 4.4 Dividend Income | 203,470 81,837 | 266,981 200,207 43,678 | 232,536 225,911 86,425 | 219,774 48,746 | | | | | |
| 4.5 Other income 4.6 Total Non-interest income 5.0 TOTAL OPERATING INCOME | 13,839 524,601 1,517,030 | 9,294 520,160 1,599,917 | 37,599 582,471 1,748,869 | 35,065 586,613 1,808,106 | | | | | |
| 6.0 OTHER OPERATING EXPENSES 6.1 Loan loss provision 6.2 Staff costs | 102,477 656,733 | 89,612 691,235 | 108,348 752,972 | 98,144 793,709 | | | | | |
| 6.3 Directors' emoluments 6.4 Rental charges 6.5 Depreciation charge on property and equipment | 64,457 70,431 54,821 | 83,758 73,342 56,979 | 69,445 98,259 62,327 | 90,514 97,638 66,681 | | | | | |
| 6.6 Amortisation charges 6.7 Other operating expenses | 16,631 329,592 1,295,142 | 17,572 384,843 1,397,341 202,576 | 396,986 | 25,095 459,808 | | | | | |
| 6.8 Total Other Operating Expenses 7.0 Profit/(loss) Before Tax and Exceptional Items 8.0 Exceptional Items 9.0 Profit/(Loss) After Exceptional Items | 221,888 - 221,888 | 202,576 202,576 | 1,505,149 243,720 243,720 | 1,631,589 176,517 176,517 | | | | | |
| 10.0 Current Tax 11.0 Deferred Tax 12.0 Profit/(Loss) After Tax and Exceptional Items | 64,271 356 157,261 | 61,661 3,825 137,090 | 75,856 304 167,560 | 176,517 56,288 3,786 116,443 (4,464) | | | | | |
| 13.0 Minority Interest 14.0 Profit/(loss) after tax, exceptional items and Minority Interest 15.0 Other Comprehensive Income | - | 137,090 | 7,282 160,278 | 120,907 | | | | | |
| 15.1 Gains/(Losses) from translating the financial statements of foreign 15.2 Fair value changes in available for sale financial assets 15.3 Revaluation surplus on Property plant and equipment | operations - 2,894 | 26,293 | (76,220) (24,493) - | (11,943) 61,643 - | | | | | |
| 15.4 Share of other comprehensive income of associates 15.5 Income tax relating to components of other comprehensive income 16.0 Other Comprehensive Income for the year net of tax 17.0 Total comprehensive income for the year | - 2,894 160,155 | 26,293 163,383 | (100,713) 66,847 | 49,700 166,143 | | | | | |
| 18.0 EARNINGS PER SHARE- BASIC & DILUTED 19.0 DIVIDEND PER SHARE -DECLARED | 1.50 | 1.56 | 1.53 | 1.15 | | | | | |
| III OTHER DISCLOSURES | | | | | | | | | |
| 1.0 NON-PERFORMING LOANS AND ADVANCES (a) Gross Non-performing loans and advances (b) Less: Interest in Suspense | 2,840,434 557,552 | 3,534,602 631,870 | 2,851,350 558,406 | 3,541,472 632,252 2,909,220 | | | | | |
| (c)Total Non-Performing Loans and Advances (a-b) (d) Less: Loan Loss Provision (e) Net Non-Performing Loans and Advances(c-d) (f) Discounted Value of Securities | 2,282,882 235,850 2,047,032 | 2,902,732 356,087 | 2,292,944 238,079 2,054,865 | 2,909,220 362,635 2,546,585 2,517,850 | | | | | |
| (g) Net NPLs Exposure (e-f) | 1,980,973 66,059 | 2,546,645 2,517,850 28,795 | 1,988,806 66,059 | 2,517,850 28,735 | | | | | |
| 2.0 INSIDER LOANS AND ADVANCES (a) Directors, Shareholders and Associates (b) Employees (b) Employees | 210,750 484,996 | 259,585 516,072 | 211,389 485,635 | 260,612 517,099 | | | | | |

| | a) Held to Maturity: a. Kenya Government securities | 2,920,747 2,920,747 | 2,791,871 2,791,871 | 3,391,142 2,920,747 470,395 | 3,234,711 2,791,871 442,840 |
|--------------------------|---|---|---|---|---|
| | b. Other securities b) Available for sale: a. Kenya Government securities | 504,209 504,209 | 533,402 533,402 | 504,209 504,209 | 533,402 533,402 |
| 6 7 | b. Other securities Deposits and balances due from local banking institutions | 426,014 | 884,749 | 432,314 978,614 | _ |
| 8 9 | Deposits and balances due from banking institutions abroad Tax recoverable Loans and advances to customers (net) | 804,091 19,219 14,228,599 | 640,339 6,154 15,382,987 | 33,717 14,641,988 | 892,527 946,108 19,970 15,905,885 |
| 11 | Balances due from banking institutions in the group Investments in associates | 12,731 | 13,301 | · · · - | |
| 13 | Investments in subsidiary companies Investments in joint ventures Investment properties | 885,405 - - | 885,405 - - | - | = |
| 15 16 | Property and equipment Prepaid lease rentals | 515,978 | 494,716 | 546,353 | 547,890 |
| 18 | Intangible assets Deferred tax asset Retirement benefit asset | 122,352 25,084 | 129,680 21,260 | 123,796 31,538 | 212,027 41,763 |
| 20 | Other assets TOTAL ASSETS | 563,119 22,422,351 | 674,954 24,804,407 | 674,773 22,864,968 | 713,808 25,586,668 |
| | LIABILITIES Palanese due to Control Pank of Konya | 1,392,756 | | 1 202 756 | 1 |
| 23 | Balances due to Central Bank of Kenya Customer deposits Deposits and balances due to local banking institutions | 16,078,445 | 19,700,816 150,099 | 1,392,756 16,573,195 7,603 | 20,390,948 150,099 |
| 25 26 | Deposits and balances due to foreign banking institutions Other money market deposits | 344,133 | 253,187 | 152,240 | 284,329 |
| 28 | Borrowed funds Balances due to banking institutions in the group Tax payable | 1,248,742 | 1,142,417 131,184 | 1,248,742 - - | 1,142,417 - - |
| 30 31 | Dividends payable Deferred tax liability | - | Ξ. | - | - |
| 33 | Retirement benefit liability Other liabilities TOTAL LIABILITIES | 361,512 19,425,588 | 266,558 21,644,261 | 393,199 19,767,735 | 355,499 22,323,292 |
| С | SHAREHOLDERS' FUNDS | | | | |
| 35 36 37 | Paid up /Assigned capital Share premium/(discount) Revaluation reserves | 1,050,000 | 1,050,000 | 1,050,000 | 1,050,000 |
| 38 39 | Retained earnings/Accumulated losses Statutory loan loss reserves | 1,920,510 84,267 | (31,721) 2,040,087 101,780 | (159,156) 1,938,517 84,770 | (99,956) 2,041,677 102,517 |
| 41 | Other Réserves Proposed dividends | - | | (82,517) | (93,706) |
| 42 43 44 | Capital grants TOTAL SHAREHOLDERS' FUNDS Minority Interest | 2,996,763 | 3,160,146 | 2,831,614 265,619 | 3,000,532 262,844 |
| 45 | TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS | 22,422,351 | 24,804,407 | 22,864,968 | 25,586,668 |
| 1.0 | STATEMENT OF COMPREHENSIVE INCOME INTEREST INCOME | | | | |
| 1.1 1.2 1.3 | Loans and advances Government securities Deposits and placements with banking institutions | 2,620,574 392,726 6 238 | 2,406,340 370,125 43,758 | 2,715,634 446,295 47,319 2,923 | 2,506,383 407,573 74,751 |
| 1.4 | Other Interest Income Total interest income | 6,238 2,610 3,022,148 | 2,820,223 | 2,923 3,212,171 | 2,988,707 |
| 2.0 | INTEREST EXPENSE | | | | |
| 2.2 2.3 | Customer deposits Deposits and placement from banking institutions Other interest expenses | 1,689,614 189,821 150,284 | 1,564,086 39,681 136,699 | 1,712,712 182,777 150,284 | 1,596,061 34,454 136,699 |
| 2.4 3.0 | Total interest expenses NET INTEREST INCOME/(LOSS) | 150,284 2,029,719 992,429 | 1,740,466 1,079,757 | 150,284 2,045,773 1,166,398 | 1,767,214 1,221,493 |
| | NON-INTEREST INCOME Fees and commissions on loans and advances | 225,455 | 266 981 | 232 536 | 283 028 |
| 4.2 4.3 | Other fees and commissions Foreign exchange trading income/(Loss) | 203,470 81,837 | 266,981 200,207 43,678 | 232,536 225,911 86,425 | 283,028 219,774 48,746 |
| 4.4 | Dividend Income Other income | 13,839 | 9,294 520,160 | 37,599 582,471 | 35,065 586,613 |
| 5.0 | Total Non-interest income TOTAL OPERATING INCOME | 524,601 1,517,030 | 1,599,917 | 1,748,869 | 1,808,106 |
| 6.1 | OTHER OPERATING EXPENSES Loan loss provision Staff costs | 102,477 | 89,612 | 108,348 752,972 | 98,144 793,709 |
| 6.3 | Directors' emoluments Rental charges | 656,733 64,457 70,431 | 691,235 83,758 73,342 | 60 115 | 90,514 97,638 |
| 6.5 6.6 | Depreciation charge on property and equipment Amortisation charges | 54,821 16,631 | 83,758 73,342 56,979 17,572 | 98,259 62,327 16,812 | 66,681 25,095 |
| 6.7 6.8 7.0 | Other operating expenses Total Other Operating Expenses Profit/(loss) Before Tax and Exceptional Items | 329,592 1,295,142 221,888 | 384,843 1,397,341 202,576 | 396,986 1,505,149 243,720 | 459,808 1,631,589 176,517 |
| 8.0 9.0 | Exceptional Items Profit/(Loss) After Exceptional Items | 221,888 | 202,576 | 243,720 | 176,517 |
| 10.0 11.0 | Current Tax Deferred Tax Profit/(Loss) After Tax and Exceptional Items | 64,271 356 157,261 | 61,661 3,825 137,090 | 75,856 304 167,560 | 56,288 3,786 116,443 |
| 13.0 14.0 | Minority Interest Profit/(loss) after tax, exceptional items and Minority Interest | 157,261 | 137,090 | 7,282 160,278 | (4,464) 120,907 |
| 15.0 15.1 | Other Comprehensive Income Gains/(Losses) from translating the financial statements of foreign operations Fair value changes in available for sale financial assets | - | | (76,220) | (11,943) |
| 15.2 15.3 15.4 | Revaluation surplus on Property, plant and equipment Share of other comprehensive income of associates | 2,894 | 26,293 - - | (24,493) | `61,643 - - |
| 15.5 16.0 | Other Comprehensive Income for the year net of tax | 2,894 | 26,293 | (100,713) | 49,700 |
| | Total comprehensive income for the year EARNINGS PER SHARE- BASIC & DILUTED | 160,155 | 163,383 | 66,847 1.53 | 166,143 |
| 19.0 | DIVIDEND PER SHARE -DECLARED | 1.50 | - | 1.00 | - |
| 1.0 | OTHER DISCLOSURES NON-PERFORMING LOANS AND ADVANCES | | | | |
| | (a) Gross Non-performing loans and advances (b) Less: Interest in Suspense | 2,840,434 557,552 2,282,882 | 3,534,602 631,870 2,902,732 | 2,851,350 558,406 | 3,541,472 632,252 2,909,220 |
| | (c)Total Non-Performing Loans and Advances (a-b) (d) Less: Loan Loss Provision (e) Net Non-Performing Loans and Advances(c-d) | 2,282,882 235,850 2,047,032 | 356,087 | 2,292,944 238,079 2,054,865 | 362,635 |
| | (e) Net Non-Performing Loans and Advances(c-d) (f) Discounted Value of Securities (g) Net NPLs Exposure (e-f) | 1,980,973 66,059 | 2,546,645 2,517,850 28,795 | 1,988,806 66,059 | 2,546,585 2,517,850 28,735 |
| 2.0 | INSIDER LOANS AND ADVANCES (a) Directors, Shareholders and Associates | 210,750 | 259,585 | 211,389 | 260,612 |
| | (a) Directors, Shareholders and Associates (b) Employees (c)Total Insider Loans and Advances and other facilities | 484,996 695,746 | 516,072 775,657 | 485,635 697,024 | 517,099 777,711 |
| 3.0 | OFF-BALANCE SHEET ITEMS | · | | | |
| | (a)Letters of credit.guarantees, acceptances (b) Forwards, swaps and options (c)Other contingent liabilities | 1,136,405 205,000 20,958 | 1,244,665 104,800 15,100 | 1,238,008 205,000 20,958 | 1,473,895 104,800 15,100 |
| | (d)Total Contingent Liabilities | 1,362,363 | 1,364,565 | 1,463,966 | 1,593,795 |
| 4.0 | CAPITAL STRENGTH (a)Core capital (b) Minimum Statutory Capital | 2,368,133 1,000,000 | 2,487,710 1,000,000 | | |
| | (b) Minimum Statutory Capital (c)Excess/(Dificiency)(a-b) (d) Supplementary Capital (e) Total Capital (a+d) | 1,368,133 600,934 | 1,487,710 418,447 | | |
| | (e) Total Capital (a+d) (f) Total risk weighted assets (g) Core Capital Total deposits Liabilities | 2,969,067 18,530,459 | 2,906,157 19,239,464 | | |
| | (f)Total risk weighted assets (g) Core Capital/Total deposits Liabilities (h) Minimum statutory Ratio (l) Excess/(Deficiency) (g-h) | 14.7% 8.0% 6.7% | 12.5% 8.0% 4.5% | | |
| | (k) Minimum Statutory Ratio | 12.8% 10.5% | 12.9% 10.5% | | |
| | (l) Excess (Deficiencý) (i-k) (m) Total Capital/total risk weighted assets (n) Minimum statutory Ratio | 2.3% 16.0% 14.5% | 2.4% 15.1% 14.5% | | |
| | (o) Excess/(Deficiency) (m-n) | 1.5% | 0.6% | | |
| 5.0 | LIQUIDITY (a) Liquidity Ratio (b) Minimum Statutory Patio | 27% | 34% 20.0% | | |
| _ | (b) Minimum Statutory Ratio(c) Excess (Deficiency) (a-b)financial statements are extracts from the books of the institution as audite | 20.0% 7.1% | 14.0% | | |
| | | | | | |

These financial statements are extracts from the books of the institution as audited by Deloitte & Touche and received unqualified opinion. The complete set of audited financial statements, statutory and qualitative disclosures can be accessed on the institution's website www.abcthebank.com. They may also be accessed at the institution's head office located at ABC Bank House, Woodvale Grove, Westlands Nairobi. SIGNED SRIDHAR NATARAJAN GROUP CHIEF EXECUTIVE OFFICER