



**AUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES AS AT 31ST DECEMBER 2017**

**I STATEMENT OF FINANCIAL POSITION**

	Bank		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'
<b>A ASSETS</b>				
1 Cash (both Local & Foreign)	155,946	227,987	204,601	288,105
2 Balances due from Central Bank of Kenya	1,238,857	2,117,602	1,301,923	2,250,472
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	2,920,747	2,791,871	3,391,142	3,234,711
b. Other securities	2,920,747	2,791,871	2,920,747	2,791,871
c. Available for sale:				
a. Kenya Government securities	504,209	533,402	504,209	533,402
b. Other securities	504,209	533,402	504,209	533,402
6 Deposits and balances due from local banking institutions	426,014	884,749	432,314	892,527
7 Deposits and balances due from banking institutions abroad	804,091	640,339	975,614	946,108
8 Tax recoverable	19,219	6,154	33,717	19,970
9 Loans and advances to customers (net)	14,228,599	15,382,987	14,641,988	15,905,885
10 Balances due from banking institutions in the group	12,731	13,301	-	-
11 Investments in associates	-	-	-	-
12 Investments in subsidiary companies	885,405	885,405	-	-
13 Investments in joint ventures	-	-	-	-
14 Investment properties	-	-	-	-
15 Property and equipment	515,978	494,716	546,353	547,890
16 Prepaid lease rentals	-	-	-	-
17 Intangible assets	122,352	129,680	123,796	212,027
18 Deferred tax asset	25,084	21,260	31,538	41,763
19 Retirement benefit asset	-	-	-	-
20 Other assets	563,119	674,954	674,773	713,808
21 <b>TOTAL ASSETS</b>	<b>22,422,351</b>	<b>24,804,407</b>	<b>22,864,968</b>	<b>25,586,668</b>
<b>B LIABILITIES</b>				
22 Balances due to Central Bank of Kenya	1,392,756	-	1,392,756	-
23 Customer deposits	16,078,445	19,700,816	16,573,195	20,390,948
24 Deposits and balances due to local banking institutions	-	150,039	7,603	150,039
25 Deposits and balances due to foreign banking institutions	344,133	253,187	152,240	284,329
26 Other money market deposits	-	-	-	-
27 Borrowed funds	1,248,742	1,142,417	1,248,742	1,142,417
28 Balances due to banking institutions in the group	-	131,184	-	-
29 Tax payable	-	-	-	-
30 Dividends payable	-	-	-	-
31 Deferred tax liability	-	-	-	-
32 Retirement benefit liability	-	-	-	-
33 Other liabilities	361,512	266,558	393,199	355,499
34 <b>TOTAL LIABILITIES</b>	<b>19,425,588</b>	<b>21,644,261</b>	<b>19,767,735</b>	<b>22,323,292</b>
<b>C SHAREHOLDERS' FUNDS</b>				
35 Paid up /Assigned capital	1,050,000	1,050,000	1,050,000	1,050,000
36 Share premium/(discount)	-	-	-	-
37 Revaluation reserves	(58,014)	(31,721)	(159,156)	(99,956)
38 Retained earnings/Accumulated losses	1,920,510	2,040,087	1,938,517	2,041,677
39 Statutory loan loss reserves	84,267	101,780	84,770	102,517
40 Other Reserves	-	-	(82,517)	(93,706)
41 Proposed dividends	-	-	-	-
42 Capital grants	-	-	-	-
43 <b>TOTAL SHAREHOLDERS' FUNDS</b>	<b>2,996,763</b>	<b>3,160,146</b>	<b>2,831,614</b>	<b>3,000,532</b>
44 Minority Interest	-	-	265,619	262,844
45 <b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>22,422,351</b>	<b>24,804,407</b>	<b>22,864,968</b>	<b>25,586,668</b>

**II STATEMENT OF COMPREHENSIVE INCOME**

<b>1.0 INTEREST INCOME</b>				
1.1 Loans and advances	2,620,574	2,406,340	2,715,634	2,506,383
1.2 Government securities	392,726	370,125	446,295	407,573
1.3 Deposits and placements with banking institutions	6,238	43,758	47,319	74,751
1.4 Other Interest Income	2,610	-	2,923	-
1.5 <b>Total interest income</b>	<b>3,022,148</b>	<b>2,820,223</b>	<b>3,212,171</b>	<b>2,988,707</b>
<b>2.0 INTEREST EXPENSE</b>				
2.1 Customer deposits	1,689,614	1,564,086	1,712,712	1,596,061
2.2 Deposits and placement from banking institutions	189,821	39,681	182,777	34,454
2.3 Other interest expenses	150,284	136,699	150,284	136,699
2.4 <b>Total interest expenses</b>	<b>2,029,719</b>	<b>1,740,466</b>	<b>2,045,773</b>	<b>1,767,214</b>
3.0 <b>NET INTEREST INCOME/(LOSS)</b>	<b>992,429</b>	<b>1,079,757</b>	<b>1,166,398</b>	<b>1,221,493</b>
<b>4.0 NON-INTEREST INCOME</b>				
4.1 Fees and commissions on loans and advances	225,455	266,981	232,536	283,028
4.2 Other fees and commissions	203,470	200,207	225,911	219,774
4.3 Foreign exchange trading income/(Loss)	81,837	43,678	86,425	48,746
4.4 Dividend Income	-	-	-	-
4.5 Other income	13,839	9,294	37,599	35,065
4.6 <b>Total Non-interest income</b>	<b>524,601</b>	<b>520,160</b>	<b>582,471</b>	<b>586,613</b>
5.0 <b>TOTAL OPERATING INCOME</b>	<b>1,517,030</b>	<b>1,599,917</b>	<b>1,748,869</b>	<b>1,808,106</b>
<b>6.0 OTHER OPERATING EXPENSES</b>				
6.1 Loan loss provision	102,477	89,612	108,348	98,144
6.2 Staff costs	656,733	691,235	752,972	793,709
6.3 Directors' emoluments	64,457	83,758	69,445	90,514
6.4 Rental charges	70,431	73,342	98,259	97,638
6.5 Depreciation charge on property and equipment	54,821	56,979	62,327	66,681
6.6 Amortisation charges	16,631	17,572	16,812	25,095
6.7 Other operating expenses	329,592	384,843	396,986	459,808
6.8 <b>Total Other Operating Expenses</b>	<b>1,295,142</b>	<b>1,397,341</b>	<b>1,505,149</b>	<b>1,631,589</b>
7.0 <b>Profit/(Loss) Before Tax and Exceptional Items</b>	<b>221,888</b>	<b>202,576</b>	<b>243,720</b>	<b>176,517</b>
8.0 Exceptional Items	-	-	-	-
9.0 <b>Profit/(Loss) After Exceptional Items</b>	<b>221,888</b>	<b>202,576</b>	<b>243,720</b>	<b>176,517</b>
10.0 Current Tax	64,271	61,661	75,856	56,288
11.0 Deferred Tax	-	356	3,304	3,785
12.0 <b>Profit/(Loss) After Tax and Exceptional Items</b>	<b>157,261</b>	<b>137,090</b>	<b>167,560</b>	<b>116,443</b>
13.0 Minority Interest	-	-	7,282	(4,464)
14.0 <b>Profit/(Loss) after tax, exceptional items and Minority Interest</b>	<b>157,261</b>	<b>137,090</b>	<b>160,278</b>	<b>120,907</b>
15.0 <b>Other Comprehensive Income</b>				
15.1 Gains/(Losses) from translating the financial statements of foreign operations	-	-	(76,200)	(11,943)
15.2 Fair value changes in available for sale financial assets	2,894	26,293	(24,493)	61,643
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	-	-	-	-
16.0 <b>Other Comprehensive Income for the year net of tax</b>	<b>2,894</b>	<b>26,293</b>	<b>(100,713)</b>	<b>49,700</b>
17.0 <b>Total comprehensive income for the year</b>	<b>160,155</b>	<b>163,383</b>	<b>66,847</b>	<b>166,143</b>
18.0 <b>EARNINGS PER SHARE - BASIC &amp; DILUTED</b>	1.50	1.56	1.53	1.15
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	2,840,434	3,534,602	2,851,350	3,541,472
(b) Less: Interest in Suspense	557,552	631,870	558,406	632,252
(c) <b>Total Non-Performing Loans and Advances (a-b)</b>	<b>2,282,882</b>	<b>2,902,732</b>	<b>2,292,944</b>	<b>2,909,220</b>
(d) Less: Loan Loss Provision	235,850	356,087	238,079	362,635
(e) <b>Net Non-Performing Loans and Advances (c-d)</b>	<b>2,047,032</b>	<b>2,546,645</b>	<b>2,054,865</b>	<b>2,546,585</b>
(f) Discounted Value of Securities	1,980,973	2,517,850	1,980,806	2,517,850
(g) <b>Net NPLs Exposure (e-f)</b>	<b>66,059</b>	<b>28,795</b>	<b>66,059</b>	<b>28,735</b>
<b>2.0 INSIDER LOANS AND ADVANCES</b>				
(a) Directors, Shareholders and Associates	210,750	259,585	211,389	260,612
(b) Employees	484,996	516,072	485,635	517,099
(c) <b>Total Insider Loans and Advances and other facilities</b>	<b>695,746</b>	<b>775,657</b>	<b>697,024</b>	<b>777,711</b>
<b>3.0 OFF-BALANCE SHEET ITEMS</b>				
(a) Letters of credit, guarantees, acceptances	1,136,405	1,244,665	1,238,008	1,473,895
(b) Forwards, swaps and options	205,000	104,800	205,000	104,800
(c) Other contingent liabilities	20,958	15,100	20,958	15,100
(d) <b>Total Contingent Liabilities</b>	<b>1,362,363</b>	<b>1,364,565</b>	<b>1,463,966</b>	<b>1,593,795</b>
<b>4.0 CAPITAL STRENGTH</b>				
(a) Core capital	2,368,133	2,487,710	-	-
(b) Minimum Statutory Capital	1,000,000	1,000,000	-	-
(c) Excess/(Deficiency) (a-b)	1,368,133	1,487,710	-	-
(d) Supplementary Capital	600,934	418,447	-	-
(e) <b>Total Capital (a+d)</b>	<b>2,969,067</b>	<b>2,906,157</b>	-	-
(f) Total risk weighted assets	18,530,459	19,239,464	-	-
(g) <b>Core Capital/Total deposits Liabilities</b>	<b>14.7%</b>	<b>12.5%</b>	-	-
(h) Minimum statutory Ratio	8.0%	8.0%	-	-
(i) Excess/(Deficiency) (g-h)	6.7%	4.5%	-	-
(j) <b>Core Capital / total risk weighted assets</b>	<b>12.9%</b>	<b>12.9%</b>	-	-
(k) Minimum Statutory Ratio	10.5%	10.5%	-	-
(l) Excess (Deficiency) (j-k)	2.3%	2.4%	-	-
(m) <b>Total Capital/total risk weighted assets</b>	<b>16.0%</b>	<b>15.1%</b>	-	-
(n) Minimum statutory Ratio	14.5%	14.5%	-	-
(o) Excess/(Deficiency) (m-n)	1.5%	0.6%	-	-
<b>5.0 LIQUIDITY</b>				
(a) <b>Liquidity Ratio</b>	<b>27%</b>	<b>34%</b>	-	-
(b) Minimum Statutory Ratio	20.0%	20.0%	-	-
(c) Excess (Deficiency) (a-b)	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**

**JOSEPH K. MUIRURI**  
**DIRECTOR**