

The Board of Directors of National Bank of Kenya Limited hereby announce the audited results for the year ended 31 December 2016
**I. STATEMENT OF FINANCIAL POSITION
as at 31 December 2016**

| | BANK 31-Dec-15 Shs'000 Audited | BANK 31-Dec-16 Shs'000 Audited | GROUP 31-Dec-15 Shs'000 Audited | GROUP 31-Dec-16 Shs'000 Audited |
|---|---|---|--|--|
| A ASSETS | | | | |
| 1 Cash (both Local & Foreign) | 3,350,178 | 3,180,119 | 3,668,583 | 3,344,271 |
| 2 Balances due from Central Bank of Kenya | 12,769,536 | 5,237,044 | 12,769,536 | 5,237,044 |
| 3 Kenya Government and other securities held for dealing purposes | - | - | - | - |
| 4 Financial Assets at fair value through profit and loss | - | - | - | - |
| 5 Investment Securities:(a+b) | 27,315,111 | 34,782,839 | 27,315,111 | 34,782,839 |
| a) Held to Maturity:(i+ii) | 27,315,111 | 27,945,290 | 27,315,111 | 27,945,290 |
| i. Kenya Government securities | 27,083,464 | 27,708,283 | 27,083,464 | 27,708,283 |
| ii. Other securities | 231,647 | 237,007 | 231,647 | 237,007 |
| b) Available for sale:(i+ii) | - | 6,837,549 | - | 6,837,549 |
| i. Kenya Government securities | - | 6,837,549 | - | 6,837,549 |
| ii. Other securities | - | - | - | - |
| 6 Deposits and balances due from local banking institutions | 3,658,835 | 100,115 | 3,658,835 | 100,115 |
| 7 Deposits and balances due from banking institutions abroad | 598,211 | 1,211,860 | 598,211 | 1,211,860 |
| 8 Tax recoverable | 510,846 | 504,332 | 505,652 | 506,976 |
| 9 Loans and advances to customers (net) | 67,803,990 | 59,339,225 | 67,803,990 | 59,339,225 |
| 10 Balances due from banking institutions in the group | - | - | - | - |
| 11 Investments in associates | - | - | - | - |
| 12 Investments in subsidiary companies | 19,963 | 19,963 | 19,963 | 19,963 |
| 13 Investments in joint ventures | - | - | - | - |
| 14 Investment properties | - | - | - | - |
| 15 Property and equipment | 4,187,457 | 4,110,825 | 4,188,468 | 4,111,684 |
| 16 Prepaid lease rentals | - | - | - | - |
| 17 Intangible assets | 1,399,085 | 1,352,178 | 1,399,365 | 1,352,178 |
| 18 Deferred tax asset | 482,668 | 473,722 | 483,299 | 474,353 |
| 19 Retirement benefit asset | - | - | - | - |
| 20 Other assets | 3,199,155 | 4,802,152 | 3,029,303 | 4,811,884 |
| 21 TOTAL ASSETS | 125,295,035 | 115,114,374 | 125,440,316 | 115,292,392 |
| B LIABILITIES | | | | |
| 22 Balances due to Central Bank of Kenya | - | 3,719,844 | - | 3,719,844 |
| 23 Customer deposits | 110,622,469 | 96,966,522 | 110,622,469 | 96,966,522 |
| 24 Deposits and balances due to local banking institutions | 2,343,245 | 513,810 | 2,343,245 | 513,810 |
| 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 | 21,976 | 21,976 | 21,976 | 21,976 |
| 29 Tax payable | - | - | - | - |
| 30 Dividends payable | 29,826 | 6,444 | 29,826 | 6,444 |
| 31 Deferred tax liability | - | - | - | - |
| 32 Retirement benefit liability | - | - | - | - |
| 33 Other liabilities | 1,363,897 | 2,889,695 | 1,369,251 | 2,913,057 |
| 34 TOTAL LIABILITIES | 114,381,413 | 104,118,291 | 114,386,767 | 104,141,653 |
| C SHAREHOLDERS' FUNDS | | | | |
| 35 Paid up /Assigned capital | 7,214,976 | 7,214,976 | 7,214,976 | 7,214,976 |
| 36 Share premium/(discount) | - | - | - | - |
| 37 Revaluation reserves | 509,752 | 660,062 | 509,752 | 660,062 |
| 38 Retained earnings/Accumulated losses | 2,569,487 | 2,883,472 | 2,709,414 | 3,038,128 |
| 39 Statutory loan loss reserves | 619,407 | 302,573 | 619,407 | 302,573 |
| 40 Other Reserves | - | (65,000) | - | (65,000) |
| 41 Proposed dividends | - | - | - | - |
| 42 Capital grants | - | - | - | - |
| 43 TOTAL SHAREHOLDERS' FUNDS | 10,913,622 | 10,996,083 | 11,053,549 | 11,150,739 |
| 44 TOTAL LIABILITIES & SHAREHOLDERS' FUNDS | 125,295,035 | 115,114,374 | 125,440,316 | 115,292,392 |

**II. STATEMENT OF COMPREHENSIVE INCOME
for the period ended 31 December 2016**

| | BANK 31-Dec-15 Shs'000 Audited | BANK 31-Dec-16 Shs'000 Audited | GROUP 31-Dec-15 Shs'000 Audited | GROUP 31-Dec-16 Shs'000 Audited |
|---|---|---|--|--|
| 1 Interest Income | | | | |
| 1.1 Loans and advances | 8,934,150 | 9,020,708 | 8,934,150 | 9,020,708 |
| 1.2 Government securities | 3,201,903 | 3,256,451 | 3,201,903 | 3,256,451 |
| 1.3 Deposits and placements with banking institutions | 112,150 | 50,623 | 112,150 | 50,623 |
| 1.4 Other Interest Income | - | - | - | - |
| 1.5 TOTAL INTEREST INCOME | 12,248,203 | 12,327,782 | 12,248,203 | 12,327,782 |
| 2 Interest Expense | | | | |
| 2.1 Customer deposits | 5,128,954 | 3,517,980 | 5,112,772 | 3,517,980 |
| 2.2 Deposits and placements from banking institutions | 726,460 | 786,425 | 726,460 | 786,425 |
| 2.3 Other interest expenses | 11,432 | 4,540 | 11,432 | 4,540 |
| 2.4 TOTAL INTEREST EXPENSES | 5,866,846 | 4,308,945 | 5,850,664 | 4,308,945 |
| 3 NET INTEREST INCOME | 6,381,357 | 8,018,837 | 6,397,539 | 8,018,837 |
| 4 Non-Interest Income | | | | |
| 4.1 Fees and commissions on loans and advances | 307,622 | 144,808 | 382,145 | 225,630 |
| 4.2 Other fees and commissions | 1,744,555 | 1,386,308 | 1,744,555 | 1,386,308 |
| 4.3 Foreign exchange trading income (loss) | 564,754 | 363,863 | 564,754 | 363,863 |
| 4.4 Dividend Income | 1,247 | - | 1,247 | - |
| 4.5 Other Income | 464,853 | 1,039,938 | 464,853 | 1,039,938 |
| 4.6 TOTAL NON-INTEREST INCOME | 3,083,031 | 2,934,917 | 3,157,554 | 3,015,739 |
| 5 TOTAL OPERATING INCOME | 9,464,388 | 10,953,754 | 9,555,093 | 11,034,576 |
| 6 Other Operating Expenses | | | | |
| 6.1 Loan loss provision | 3,719,128 | 2,697,895 | 3,719,128 | 2,697,895 |
| 6.2 Staff costs | 3,587,995 | 3,621,462 | 3,620,758 | 3,642,344 |
| 6.3 Directors' emoluments | 24,875 | 43,370 | 24,875 | 43,370 |
| 6.4 Rental charges | 317,289 | 391,913 | 317,289 | 391,913 |
| 6.5 Depreciation charge on property and equipment | 337,081 | 412,605 | 337,366 | 412,851 |
| 6.6 Amortisation charges | 319,696 | 398,855 | 320,069 | 399,134 |
| 6.7 Other operating expenses | 2,842,722 | 3,226,044 | 2,853,593 | 3,264,415 |
| 6.8 Total Operating Expenses | 11,148,786 | 10,792,144 | 11,193,078 | 10,851,922 |
| 7 PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS | (1,684,398) | 161,610 | (1,637,985) | 182,654 |
| 8 Exceptional items | - | - | - | - |
| 9 Profit after exceptional items | (1,684,398) | 161,610 | (1,637,985) | 182,654 |
| 10 Current tax | 501,104 | (14,149) | 484,508 | (20,464) |
| 11 Deferred tax | - | - | - | - |
| 12 Profit after tax and exceptional items | (1,183,293) | 147,461 | (1,153,477) | 162,190 |
| 13 OTHER COMPREHENSIVE INCOME | | | | |
| 13.1 Gains/(Losses) from translating the financial statements of foreign operations | - | - | - | - |
| 13.2 Fair value changes in available for sale financial assets | (16,997) | (65,000) | (16,997) | (65,000) |
| 13.3 Revaluation surplus on Property, plant and equipment | - | - | - | - |
| 13.4 Share of other comprehensive income of associates | - | - | - | - |
| 13.5 Income tax relating to components of other comprehensive income | - | - | - | - |
| 14 Other Comprehensive Income for the year net of tax | (16,997) | (65,000) | (16,997) | (65,000) |
| 15 TOTAL COMPREHENSIVE INCOME FOR THE YEAR | (1,200,290) | 82,461 | (1,170,474) | 97,190 |
| 16 EARNINGS PER SHARE - basic and diluted | Shs (3.96) | Shs 0.50 | Shs (3.86) | Shs 0.53 |

III. OTHER DISCLOSURES

| | BANK 31-Dec-15 Shs'000 Audited | BANK 31-Dec-16 Shs'000 Audited |
|---|---|---|
| 1 Non-performing loans and advances | | |
| a Gross non-performing loans and advances | 11,762,498 | 29,987,342 |
| b Less: Interest in suspense | 1,798,814 | 3,218,351 |
| c Total Non-performing loans and advances (a-b) | 9,963,684 | 26,768,991 |
| d Less: Loan loss Provisions | 3,238,707 | 6,058,141 |
| e Net NPLs exposure (c-d) | 6,724,977 | 20,710,850 |
| f Discounted Value of Securities | 6,724,977 | 20,710,850 |
| g Net NPLs exposure (e-f) | - | - |
| 2 Insider loans and Advances | | |
| a Directors, Shareholders and associates | 100,955 | 5,590 |
| b Employees | 4,893,563 | 4,226,097 |
| c Total insider loans, advances and other facilities | 4,994,518 | 4,231,687 |
| 3 Off-Balance sheet items | | |
| a Letters of credit, guarantees and acceptances | 8,842,431 | 5,065,466 |
| b Forwards, swaps and options | 768,085 | 2,360,805 |
| c Other contingent liabilities | - | - |
| d Total contingent liabilities | 9,610,516 | 7,426,271 |
| 4 Capital Strength | | |
| a Core capital | 9,784,463 | 10,017,000 |
| b Minimum Statutory Capital | 1,000,000 | 1,000,000 |
| c Excess/(Deficiency) (a-b) | 8,784,463 | 9,017,000 |
| d Supplementary capital | 746,845 | 471,701 |
| e Total capital (a+d) | 10,531,308 | 10,488,701 |
| f Total risk weighted assets | 75,266,075 | 88,324,602 |
| g Core capital/total deposit liabilities | 8.8% | 10.3% |
| h Minimum Statutory Ratio | 8.0% | 8.0% |
| i Excess/(Deficiency) (g-h) | 0.8% | 2.3% |
| j Core capital/total risk weighted assets | 13.0% | 11.3% |
| k Minimum Statutory Ratio | 10.5% | 10.5% |
| l Excess/(Deficiency) (j-k) | 2.5% | 0.8% |
| m Total capital/total risk weighted assets | 14.0% | 11.9% |
| n Minimum Statutory Ratio | 14.5% | 14.5% |
| o Excess/(Deficiency)(m-n) | (0.5%) | (2.6%) |
| 5 Liquidity | | |
| a Liquidity Ratio | 30.7% | 29.7% |
| b Minimum Statutory Ratio | 20.0% | 20.0% |
| c Excess/(Deficiency)(a-b) | 10.7% | 9.7% |

DIVIDENDS

The directors do not recommend the payment of dividend.

AGM NOTICE

NOTICE IS HEREBY GIVEN that the Forty Eighth Annual General Meeting of the Shareholders of National Bank of Kenya Limited will be held at the Tsavo Ball Room of the Kenyatta International Conference Centre, Harambee Avenue, Nairobi on Friday, 19 May 2017 at 10.00 a.m.

APPROVAL

The audited financial statements are extracts of the financial statements and records of the Bank which were approved by the Board of Directors on 30 March 2017. The complete set of audited financial statements, statutory and qualitative disclosures can be accessed on the Bank's website www.nationalbank.co.ke.

M.A. Hassan - Chairman
Wilfred Musau - Managing Director & CEO
Habil Waswani - Company Secretary

REGISTERED OFFICE

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For more enquiries please contact 0703 088 900, (020) 282 8900
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