

The Board of Directors of National Bank of Kenya Limited hereby announce the audited results for the year ended 31 December 2018

Summary statement of financial position For the year ended 31 December 2018

	GROUP		BANK	
	2018 Sh'000	2017 Sh'000	2018 Sh'000	2017 Sh'000
Assets				
Cash and balances with Central Bank of Kenya	6,117,711	7,500,172	6,117,711	7,500,172
Deposits and balances due from banking institutions	2,068,220	2,460,142	2,068,220	2,460,142
Financial investments	46,341,772	35,718,032	46,310,604	35,707,852
Loans and advances to customers (net)	47,778,777	52,361,043	47,778,777	52,361,043
Other assets and non-current assets held for sale	4,113,105	4,280,342	4,108,751	4,276,726
Other investments	366,822	334,134	366,822	334,134
Due from subsidiary companies	-	-	321,266	69,959
Investment in subsidiary companies	-	-	19,963	19,963
Property and equipment	3,998,833	3,710,949	3,998,390	3,710,328
Intangible assets	1,314,221	1,159,618	1,300,050	1,159,618
Current income tax	459,476	486,345	463,362	479,924
Deferred income tax	2,290,168	1,862,363	2,289,527	1,862,181
Total Assets	114,849,105	109,873,140	115,143,443	109,942,042
Liabilities				
Deposits and balances due to banking institutions	6,020,730	5,620,120	6,020,730	5,620,120
Customer deposits	98,865,959	94,275,768	99,223,459	94,544,397
Provisions	59,183	8,747	59,184	8,747
Other liabilities	2,930,379	2,734,597	2,904,352	2,721,241
Total Liabilities	107,876,251	102,639,232	108,207,725	102,894,505
Equity				
Share capital	7,368,906	7,368,906	7,368,906	7,368,906
Statutory credit reserve	3,333,324	2,852,654	3,333,324	2,852,654
Revaluation reserve	1,261,906	670,678	1,261,907	670,678
Other reserves	(136,506)	(132,828)	(136,403)	(132,828)
Accumulated losses	(4,854,776)	(3,525,502)	(4,892,016)	(3,711,873)
Total equity	6,972,854	7,233,908	6,935,718	7,047,537
Total liabilities and equity	114,849,105	109,873,140	115,143,443	109,942,042

Summary statement of profit or loss and other comprehensive income For the year ended 31 December 2018

	GROUP		BANK	
	2018 Sh'000	2017 Sh'000	2018 Sh'000	2017 Sh'000
Net interest income	7,985,056	8,770,949	7,959,831	8,753,976
Non funded income	1,863,785	2,235,174	1,991,927	2,178,559
Operating Income	9,848,841	11,006,123	9,951,758	10,932,535
Operating expenses	(7,791,518)	(7,418,274)	(7,758,619)	(7,389,395)
Operating profit before impairment loss and tax	2,057,323	3,587,849	2,193,139	3,543,140
Impairment losses on loans and advances	(2,142,224)	(2,802,767)	(2,142,224)	(2,802,767)
(Loss)/profit before tax	(84,901)	785,082	50,915	740,373
Income tax credit/(expense)	91,909	(374,298)	105,224	(360,376)
Profit/(loss) for the year	7,008	410,784	156,139	379,997
Total other comprehensive income	598,421	(87,328)	598,525	(87,328)
Total comprehensive income	605,429	323,456	754,664	292,669
Earnings per share (basic and diluted)	Sh 0.02	Sh 1.26	Sh 0.46	Sh 1.17

Summary consolidated statement of changes in equity For the year ended 31 December 2018

	Share capital Sh' 000	Revaluation reserve Sh' 000	Retained earnings Sh' 000	Statutory credit reserve Sh' 000	Other reserves Sh' 000	Total Sh' 000
At 1 January 2017	7,214,976	680,430	(1,367,736)	428,282	(45,500)	6,910,452
Profit for the year	-	-	410,784	-	-	410,784
Other comprehensive income for the year	-	-	-	-	(87,328)	(87,328)
Transfer of excess depreciation	-	(13,931)	13,931	-	-	-
Deferred tax on excess depreciation	-	4,179	(4,179)	-	-	-
Transfer to statutory credit reserve	-	-	(2,424,372)	2,424,372	-	-
Bonus shares issued	153,930	-	(153,930)	-	-	-
At 31 December 2017	7,368,906	670,678	(3,525,502)	2,852,654	(132,828)	7,233,908
At 1 January 2018	7,368,906	670,678	(3,525,502)	2,852,654	(132,828)	7,233,908
Changes on application of IFRS 9 net of tax	-	-	(866,482)	-	-	(866,482)
Transfer from statutory reserve after initial application of IFRS 9	-	-	1,143,541	(1,143,541)	-	-
Profit for the year	-	-	7,008	-	-	7,008
Total other comprehensive income for the year	-	602,098	-	-	(3,678)	598,421
Transfer of excess depreciation	-	(15,528)	15,528	-	-	-
Deferred tax on excess depreciation	-	4,658	(4,658)	-	-	-
Transfer to statutory credit reserve	-	-	(1,624,211)	1,624,211	-	-
At 31 December 2018	7,368,906	1,261,906	(4,854,776)	3,333,324	(136,506)	6,972,854

Summary statement of cash flows For the year ended 31 December 2018

	GROUP 2018 Sh'000	2017 Sh'000	BANK 2018 Sh'000	2017 Sh'000
Net cash (used in) /generated from operating activities	(1,442,967)	693,456	(1,457,145)	835,631
Net cash used in investing activities	(698,605)	(512,318)	(684,427)	(512,318)
(Decrease)/Increase in cash and cash equivalents	(2,141,572)	181,138	(2,141,572)	323,313
Cash and cash equivalents at 1 January	(2,079,772)	(2,260,910)	(2,079,772)	(2,403,085)
Cash and cash equivalents at 31 December	(4,221,344)	(2,079,772)	(4,221,344)	(2,079,772)

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF NATIONAL BANK OF KENYA LIMITED

Opinion

We have audited the summary financial statements of National Bank of Kenya Limited, which comprise of the summary statement of financial position at 31 December 2018 and summary statement of profit or loss and other comprehensive income, summary consolidated statement of changes in equity and summary statement of cash flows for the year then ended which are derived from the audited financial statements of National Bank of Kenya Limited and its subsidiaries (together, the "Group") for the year ended 31 December 2018. The Group's financial statements are prepared in accordance with International Financial Reporting Standards and the Kenyan Companies Act, 2015.

In our opinion the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements of the Group which are prepared in accordance with International Financial Reporting Standards (IFRS) and the Kenyan Companies Act, 2015.

The summary directors' remuneration report is derived from the directors' remuneration report for the year ended 31 December 2018.

Summary financial statements and directors' remuneration report

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, 2015. In addition, the summary directors' remuneration report does not contain all the disclosures required by the Companies (General) (Amendment) (No. 2) Regulations, 2017.

Reading the summary financial statements, the summary directors' remuneration report and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements, the directors' remuneration report and the auditor's report thereon. The summary financial statements, the summary directors' remuneration report and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our audit report dated 29 March 2019 and also confirmed that the auditable part of the directors' remuneration report was prepared in accordance with the Kenyan Companies Act, 2015. That audit report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period.

Directors' responsibility for the summary financial statements

The directors are responsible for the preparation of the summary financial statements and the summary directors' remuneration report in accordance with the International Financial Reporting Standards and Kenyan Companies Act, 2015.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary financial statements and the summary directors' remuneration report are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to report on summary financial statements.



Certified Public Accountants
Nairobi
17 May, 2019

FCPA Michael Mugasa, Practising certificate No. 1478
Signing partner responsible for the independent audit

Summary of directors' remuneration report

During the year, the Group paid Shs 79 million (2017: Shs 79 million) as directors emoluments.

Message from the directors

The summary financial statements and summary directors' remuneration report are extracts from the audited financial statements and directors' remuneration report of the company for the year ended 31 December 2018, which were audited by PricewaterhouseCoopers and received unmodified opinion. The auditor's report on the financial statements included the following key audit matters:

1. Credit risk and provision for expected credit losses on financial assets
2. Dependency on information technology systems and applications for accounting and financial reporting

The Group's financial statements include those of Subsidiaries namely; Natbank Trustee & Investment Services Limited and National Bank Insurance Agency Limited. A full copy of the Group financial statements including explanatory notes will be available on our website www.nationalbank.co.ke after Friday, 14 June, 2019.

Dividends

The Directors do not recommend payment of any dividend.

AGM notice

Notice is hereby given that the Fiftieth Annual General Meeting of the Shareholders of National Bank of Kenya Limited ("the Company") will be held at Moi international sports centre Kasarani indoor arena, off thika super highway, on Friday 14 June 2019

The audited financial statements were approved by the Board of Directors on 28 March 2019 and signed on its behalf by:
M.A. Hassan - Chairman, Board of Directors
J. Nzomo - Chairman, Board Audit Committee
W. Musau - Managing Director & CEO



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