

National Bank of Kenya Limited Abridged Audited Group and Bank Financial Statements for the year ended 31 December 2017

Summary statement of financial position	GROUP	GROUP	GROUP	BANK	BANK	BANK
As at 31 December 2017	31 -Dec-17	31-Dec-16	31-Dec-15	31-Dec-17	31-Dec-16	31-Dec-15
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
		Restated	Restated		Restated	Restated
ASSETS	Audited	Audited	Audited	Audited	Audited	Audited
Cash and balances with Central Bank of Kenya	7,500,172	8,559,339	16,416,143	7,500,172	8,417,163	16,119,714
Deposits and balances due from banking institutions	2,460,142	1,311,975	4,257,046	2,460,142		4,257,046
Government securities	35,718,032	34,545,832	27,083,464	35,707,852		27,083,464
Loans and advances to customers (net)	52,361,043	55,019,784	62,531,311	52,361,043		62,531,311
Other assets and non-current assets held for sale	4,280,342	4,304,824	2,521,317	4,276,726		2,501,215
Other investments	334,134	237,007	231,647	334,134		231,647
Due from a subsidiary company	-	237,007	251,047	69,959	778	169,991
Current income tax	486,345	506,976	505.652	479.924		510,846
Deferred income tax	1,862,363	2,136,531	2,115,374	1,862,181	2,135,897	2,114,743
Investment in subsidiary companies	1,002,303	2,130,331	2,110,374	19,963		19,963
Property and equipment	3.710.949	4.111.684	4.188.468	3,710,328	4,110,825	4,187,457
Intangible assets	1,159,618	1,352,178	1,399,365	1,159,618		1,399,085
intungible assets	1,135,010	1,332,176	دەدرودرا	1,135,010	1,332,176	1,355,063
Total assets	109,873,140	112,086,130	121,249,787	109,942,042	111,929,158	121,126,482
	109,873,140	112,086,130	121,249,787	109,942,042	111,929,158	121,126,482
Liabilities						
Liabilities Customer deposits	94,275,768	93,870,288	108,439,401	94,544,397	93,892,264	108,461,377
Liabilities Customer deposits Deposits and balances due to banking institutions	94,275,768 5,620,120	93,870,288 7,311,668	108,439,401 4,526,313	94,544,397 5,620,120	93,892,264 7,311,668	108,461,377 4,526,313
Liabilities Customer deposits	94,275,768	93,870,288	108,439,401	94,544,397	93,892,264 7,311,668	108,461,377
Liabilities Customer deposits Deposits and balances due to banking institutions	94,275,768 5,620,120	93,870,288 7,311,668	108,439,401 4,526,313 1,399,077	94,544,397 5,620,120	93,892,264 7,311,668 3,970,359	108,461,377 4,526,313
Liabilities Customer deposits Deposits and balances due to banking institutions Other liabilities Total liabilities	94,275,768 5,620,120 2,743,344	93,870,288 7,311,668 3,993,724	108,439,401 4,526,313 1,399,077	94,544,397 5,620,120 2,729,988	93,892,264 7,311,668 3,970,359	108,461,377 4,526,313 1,393,723
Liabilities Customer deposits Deposits and balances due to banking institutions Other liabilities Total liabilities Equity	94,275,768 5,620,120 2,743,344 102,639,232	93,870,288 7,311,668 3,993,724 105,175,680	108,439,401 4,526,313 1,399,077 114,364,791	94,544,397 5,620,120 2,729,988 102,894,505	93,892,264 7,311,668 3,970,359 105,174,291	108,461,377 4,526,313 1,393,723 114,381,413
Liabilities Customer deposits Deposits and balances due to banking institutions Other liabilities Total liabilities Equity Share capital	94,275,768 5,620,120 2,743,344 102,639,232 7,368,906	93,870,288 7,311,668 3,993,724 105,175,680 7,214,976	108,439,401 4,526,313 1,399,077 114,364,791 7,214,976	94,544,397 5,620,120 2,729,988 102,894,505 7,368,906	93,892,264 7,311,668 3,970,359 105,174,291 7,214,976	108,461,377 4,526,313 1,393,723 114,381,413 7,214,976
Liabilities Customer deposits Deposits and balances due to banking institutions Other liabilities Total liabilities Equity Share capital Revaluation reserve	94,275,768 5,620,120 2,743,344 102,639,232 7,368,906 670,678	93,870,288 7,311,668 3,993,724 105,175,680 7,214,976 680,430	108,439,401 4,526,313 1,399,077 114,364,791 7,214,976 690,279	94,544,397 5,620,120 2,729,988 102,894,505 7,368,906 670,678	93,892,264 7,311,668 3,970,359 105,174,291 7,214,976 680,430	108,461,377 4,526,313 1,393,723 114,381,413 7,214,976 690,279
Liabilities Customer deposits Deposits and balances due to banking institutions Other liabilities Total liabilities Equity Share capital Revaluation reserve Accumulated losses	94,275,768 5,620,120 2,743,344 102,639,232 7,368,906 670,678 (3,525,502)	93,870,288 7,311,668 3,993,724 105,175,680 7,214,976 680,430 (1,367,738)	108,439,401 4,526,313 1,399,077 114,364,791 7,214,976	94,544,397 5,620,120 2,729,988 102,894,505 7,368,906 670,678 (3,711,873)	93,892,264 7,311,668 3,970,359 105,174,291 7,214,976 680,430 (1,523,321)	108,461,377 4,526,313 1,393,723 114,381,413 7,214,976
Liabilities Customer deposits Deposits and balances due to banking institutions Other liabilities Total liabilities Equity Share capital Revaluation reserve Accumulated losses Statutory reserve	94,275,768 5,620,120 2,743,344 102,639,232 7,368,906 670,678 (3,525,502) 2,852,654	93,870,288 7,311,668 3,993,724 105,175,680 7,214,976 680,430 (1,367,738) 428,282	108,439,401 4,526,313 1,399,077 114,364,791 7,214,976 690,279	94,544,397 5,620,120 2,729,988 102,894,505 7,368,906 670,678 (3,711,873) 2,852,654	93,892,264 7,311,668 3,970,359 105,174,291 7,214,976 680,430 (1,523,321) 428,282	108,461,377 4,526,313 1,393,723 114,381,413 7,214,976 690,279
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Liabilities Customer deposits Deposits and balances due to banking institutions Other liabilities Total liabilities Equity Share capital Revaluation reserve Accumulated losses Statutory reserve	94,275,768 5,620,120 2,743,344 102,639,232 7,368,906 670,678 (3,525,502) 2,852,654	93,870,288 7,311,668 3,993,724 105,175,680 7,214,976 680,430 (1,367,738) 428,282	108,439,401 4,526,313 1,399,077 114,364,791 7,214,976 690,279	94,544,397 5,620,120 2,729,988 102,894,505 7,368,906 670,678 (3,711,873) 2,852,654	93,892,264 7,311,668 3,970,359 105,174,291 7,214,976 680,430 (1,523,321) 428,282	108,461,377 4,526,313 1,393,723 114,381,413 7,214,976 690,279
Liabilities Customer deposits Deposits and balances due to banking institutions Other liabilities Total liabilities Equity Share capital Revaluation reserve Accumulated losses Statutory reserve Other reserves	94,275,768 5,620,120 2,743,344 102,639,232 7,368,906 670,678 (3,525,502) 2,852,654 (132,828)	93,870,288 7,311,668 3,993,724 105,175,680 7,214,976 680,430 (1,367,738) 428,282 (45,500)	108,439,401 4,526,313 1,399,077 114,364,791 7,214,976 690,279 (1,020,259)	94,544,397 5,620,120 2,729,988 102,894,505 7,368,906 670,678 (3,711,873) 2,852,654 (132,828)	93,892,264 7,311,668 3,970,359 105,174,291 7,214,976 680,430 (1,523,321) 428,282 (45,500)	108,461,377 4,526,313 1,393,723 114,381,413 7,214,976 690,279 (1,160,186)
Liabilities Customer deposits Deposits and balances due to banking institutions Other liabilities Total liabilities Equity Share capital Revaluation reserve Accumulated losses Statutory reserve Other reserves	94,275,768 5,620,120 2,743,344 102,639,232 7,368,906 670,678 (3,525,502) 2,852,654 (132,828)	93,870,288 7,311,668 3,993,724 105,175,680 7,214,976 680,430 (1,367,738) 428,282 (45,500)	108,439,401 4,526,313 1,399,077 114,364,791 7,214,976 690,279 (1,020,259)	94,544,397 5,620,120 2,729,988 102,894,505 7,368,906 670,678 (3,711,873) 2,852,654 (132,828)	93,892,264 7,311,668 3,970,359 105,174,291 7,214,976 680,430 (1,523,321) 428,282 (45,500) 6,754,867	108,461,377 4,526,313 1,393,723 114,381,413 7,214,976 690,279 (1,160,186)

Summary consolidated statement of changes in equity For the year ended 31 December 2017	Share capital Shs'000	Revaluation reserve Shs'000	Retained earnings Shs'000	Statutory reserve Shs'000	Other reserve Shs'000	Tota Shs'000
At 1 January 2016	7,214,976	690,279	(1,020,258)	-	-	6,884,997
Profit for the year	-	-	70,953	-	-	70,95
Changes in available for sale securities	=	-	-	-	(45,500)	(45,500)
Transfer of excess depreciation	-	(14,070)	14,070	-	-	
Deferred tax on excess depreciation	-	4,221	(4,221)	-	=	
Transfer to statutory reserve	-	-	(428,282)	428,282	-	
At 31 December 2016	7,214,976	680,430	(1,367,738)	428,282	(45,500)	6,910,450
At 1 January 2017	7,214,976	680,430	(1,367,738)	428,282	(45,500)	6,910,450
Profit for the year	-	-	410,784	-	-	410,784
Changes in available for sale securities	-	-	-	-	(87,328)	(87,328)
Bonus Shares Issued	153,930	-	(153,930)	-		
Property revaluation	=	-	-	-	=	
Transfer of excess depreciation Deferred tax on excess depreciation	-	(13,931) 4,179	13,931 (4,179)	-	-	
Transfer to statutory reserve	=	4,179	(2,424,372)	2,424,372	=	

Summary statement of profit or loss and other comprehensive income For the year ended 31 December 2017	GROUP 31-Dec-17 Shs'000	GROUP 31-Dec-16 Shs'000 Restated	BANK 31 -Dec-17 Shs'000	BANK 31-Dec-16 Shs'000 Restated
	Audited	Audited	Audited	Audited
Net interest income	6,724,922	7,791,882	6,707,949	7,791,882
Non funded income	2,428,679	2,857,037	2,371,926	2,776,215
Operating Income	9,153,601	10,648,919	9,079,875	10,568,097
Operating expenses	(7,611,779)	(8,154,027)	(7,582,762)	(8,094,249)
Operating profit before impairment loss and taxation	1,541,822	2,494,892	1,497,113	2,473,848
Impairment losses on loans and advances	(756,740)	(2,415,001)	(756,740)	(2,415,001)
Operating profit/(loss)	785,082	79,891	740,373	58,847
(Loss)/Earnings before taxation	785,082	79,891	740,373	58,847
Income tax expense	(374,298)	(8,938)	(360,376)	(3,549)
Profit/(loss) for the year	410,784	70,953	379,997	55,298
Total other comprehensive income	(87,328)	(45,500)	(87,328)	(45,500)
Total comprehensive income	323,456	25,453	292,669	9,798
Earnings per share (basic)	Sh 1.26	Sh 0.23	Sh 1.17	Sh 0.18

Summary statement of cash flows For the year ended 31 December 2017	GROUP 31 -Dec-17 Shs'000	GROUP 31-Dec-16 Shs'000	BANK 31 -Dec-17 Shs'000	BANK 31-Dec-16 Shs'000
		Restated		Restated
	Audited	Audited	Audited	Audited
Net cash generated (used in)/from operating activities	693,456	(11,427,777)	835,631	(11,251,641)
Net cash used in investing activities	(512,318)	(686,526)	(512,318)	(686,432)
Net cash used in financing activities	-	-	-	-
Increase /(decrease) in cash and cash equivalents	181,138	(12,114,303)	323,313	(11,938,073)
Cash and cash equivalents at 1 January	(2,260,910)	9,853,393	(2,403,085)	9,534,988
Cash and cash equivalents at 31 December	(2,079,772)	(2,260,910)	(2,079,772)	(2,403,085)

The Independent Auditor's Report on the Summary Financial Statements to the Shareholders of National Bank of Kenya Limited

The summary financial statements, which comprise the summary statement of financial position at The sufficient production statements, which collipses are sufficiently statement of immedia positions of 31 December 2017 and the 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 2017.

In our opinion the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements of the Group.

The summary directors' remuneration report is derived from the directors' remuneration report for the year ended 31 December 2017.

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 Act 2015 (General) (Amendment) Regulation 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 2018 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 states

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.

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.

The engagement partner responsible for the audit resulting in this independent auditor's report is FCPA Michael Mugasa - Practicing Certificate Number 1478.

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Certified Public Accountants Nairobi

07 May 2018

Summary of Directors remuneration report

During the year, the Bank paid Shs 79 million (2016: Shs 99 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 2017, 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 impairment loss on loans and advances to customers
- 3. Dependency on information technology (IT) 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 statemen explanatory notes will be available from our website www.nationalbank.co.ke after 28 May 2018.

The Directors do not recommend payment of any dividend for the financial period ended 31 December 2017.

Notice is hereby given that the Forty Ninth Annual General Meeting of the Shareholders of National Bank of Kenya Limited will be held at Kenyatta International Convention Centre, Nairobi on Monday, 28 May 2018 from

The Group's full set of financial statements were approved by the Board of directors on 28 March 2018 and

M. A. Hassan - Chairman, Board of Directors J. Nzomo - Chairman, Board Audit Committee Wilfred Musau - Managing Director & CEO Habil Waswani - Company Secretary

