

**National Bank of Kenya Limited Abridged Audited Group and Bank Financial Statements for the year ended 31 December 2017**
**Summary statement of financial position  
As at 31 December 2017**

	GROUP	GROUP	GROUP	BANK	BANK	BANK
	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
	Audited	Restated Audited	Restated Audited	Audited	Restated Audited	Restated Audited
<b>ASSETS</b>						
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	1,311,975	4,257,046
Government securities	35,718,032	34,545,832	27,083,464	35,707,852	34,545,832	27,083,464
Loans and advances to customers (net)	52,361,043	55,019,784	62,531,311	52,361,043	55,019,784	62,531,311
Other assets and non-current assets held for sale	4,280,342	4,304,824	2,521,317	4,276,726	4,273,424	2,501,215
Other investments	334,134	237,007	231,647	334,134	237,007	231,647
Due from a subsidiary company	-	-	-	69,959	778	169,991
Current income tax	486,345	506,976	505,652	479,924	504,332	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	-	-	-	19,963	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	1,352,178	1,399,085
<b>Total assets</b>	<b>109,873,140</b>	<b>112,086,130</b>	<b>121,249,787</b>	<b>109,942,042</b>	<b>111,929,158</b>	<b>121,126,482</b>
<b>Liabilities</b>						
Customer deposits	94,275,768	93,870,288	108,439,401	94,544,397	93,892,264	108,461,377
Deposits and balances due to banking institutions	5,620,120	7,311,668	4,526,313	5,620,120	7,311,668	4,526,313
Other liabilities	2,743,344	3,993,724	1,399,077	2,729,988	3,970,359	1,393,723
<b>Total liabilities</b>	<b>102,639,232</b>	<b>105,175,680</b>	<b>114,364,791</b>	<b>102,894,505</b>	<b>105,174,291</b>	<b>114,381,413</b>
<b>Equity</b>						
Share capital	7,368,906	7,214,976	7,214,976	7,368,906	7,214,976	7,214,976
Revaluation reserve	670,678	680,430	690,279	670,678	680,430	690,279
Accumulated losses	(3,525,502)	(1,367,738)	(1,020,259)	(3,711,873)	(1,523,321)	(1,160,186)
Statutory reserve	2,852,654	428,282	-	2,852,654	428,282	-
Other reserves	(132,828)	(45,500)	-	(132,828)	(45,500)	-
<b>Total equity</b>	<b>7,233,908</b>	<b>6,910,450</b>	<b>6,884,996</b>	<b>7,047,537</b>	<b>6,754,867</b>	<b>6,745,069</b>
<b>Total liabilities and equity</b>	<b>109,873,140</b>	<b>112,086,130</b>	<b>121,249,787</b>	<b>109,942,042</b>	<b>111,929,158</b>	<b>121,126,482</b>

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

The summary financial statements, which comprise the summary statement of financial position at 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 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.

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



Certified Public Accountants  
Nairobi  
07 May 2018

**Summary consolidated statement of changes in equity  
For the year ended 31 December 2017**

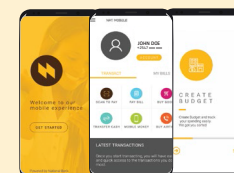
	Share capital	Revaluation reserve	Retained earnings	Statutory reserve	Other reserve	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At 1 January 2016	7,214,976	690,279	(1,020,258)	-	-	6,884,997
Profit for the year	-	-	70,953	-	-	70,953
Changes in available for sale securities	-	-	-	-	(45,500)	(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	-	-
<b>At 31 December 2016</b>	<b>7,214,976</b>	<b>680,430</b>	<b>(1,367,738)</b>	<b>428,282</b>	<b>(45,500)</b>	<b>6,910,450</b>
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	-	(13,931)	13,931	-	-	-
Deferred tax on excess depreciation	-	4,179	(4,179)	-	-	-
Transfer to statutory reserve	-	-	(2,424,372)	2,424,372	-	-
<b>At 31 December 2017</b>	<b>7,368,906</b>	<b>670,678</b>	<b>(3,525,502)</b>	<b>2,852,654</b>	<b>(132,828)</b>	<b>7,233,908</b>

**Summary statement of profit or loss and other comprehensive income  
For the year ended 31 December 2017**

	GROUP	GROUP	BANK	BANK
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	Shs'000	Shs'000	Shs'000	Shs'000
	Audited	Restated Audited	Audited	Restated 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
<b>Operating Income</b>	<b>9,153,601</b>	<b>10,648,919</b>	<b>9,079,875</b>	<b>10,568,097</b>
Operating expenses	(7,611,779)	(8,154,027)	(7,582,762)	(8,094,249)
Operating profit before impairment loss and taxation	<b>1,541,822</b>	<b>2,494,892</b>	<b>1,497,113</b>	<b>2,473,848</b>
Impairment losses on loans and advances	(756,740)	(2,415,001)	(756,740)	(2,415,001)
Operating profit/(loss)	<b>785,082</b>	<b>79,891</b>	<b>740,373</b>	<b>58,847</b>
(Loss)/Earnings before taxation	<b>785,082</b>	<b>79,891</b>	<b>740,373</b>	<b>58,847</b>
Income tax expense	(374,298)	(8,938)	(360,376)	(3,549)
<b>Profit/(loss) for the year</b>	<b>410,784</b>	<b>70,953</b>	<b>379,997</b>	<b>55,298</b>
Total other comprehensive income	(87,328)	(45,500)	(87,328)	(45,500)
<b>Total comprehensive income</b>	<b>323,456</b>	<b>25,453</b>	<b>292,669</b>	<b>9,798</b>
Earnings per share (basic)	<b>Sh 1.26</b>	<b>Sh 0.23</b>	<b>Sh 1.17</b>	<b>Sh 0.18</b>

**Summary statement of cash flows  
For the year ended 31 December 2017**

	GROUP	GROUP	BANK	BANK
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	Shs'000	Shs'000	Shs'000	Shs'000
	Audited	Restated Audited	Audited	Restated 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	-	-	-	-
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>181,138</b>	<b>(12,114,303)</b>	<b>323,313</b>	<b>(11,938,073)</b>
Cash and cash equivalents at 1 January	(2,260,910)	9,853,393	(2,403,085)	9,534,988
<b>Cash and cash equivalents at 31 December</b>	<b>(2,079,772)</b>	<b>(2,260,910)</b>	<b>(2,079,772)</b>	<b>(2,403,085)</b>

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