

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

I. STATEMENT OF FINANCIAL POSITION As at 31 December 2018	BANK 31-Dec-17 Shs'000 Audited	BANK 31-Dec-18 Shs'000 Audited	GROUP 31-Dec-17 Shs'000 Audited	GROUP 31-Dec-18 Shs'000 Audited
<b>A ASSETS</b>				
1 Cash (both Local & Foreign)	2,006,948	1,744,785	2,006,948	1,744,785
2 Balances due from Central Bank of Kenya	5,493,224	4,372,926	5,493,224	4,372,926
3 Kenya Government and other securities held for dealing purposes	-	-	-	-
4 Financial Assets at fair value through profit and loss	-	-	-	-
<b>5 Investment Securities:(a+b)</b>	<b>35,707,852</b>	<b>46,310,604</b>	<b>35,718,032</b>	<b>46,341,772</b>
<b>a) Held to Maturity:(i+ii)</b>	<b>20,813,253</b>	<b>18,178,199</b>	<b>20,813,253</b>	<b>18,178,199</b>
i. Kenya Government securities	20,813,253	18,178,199	20,813,253	18,178,199
ii. Other securities	-	-	-	-
<b>b) Available for sale:(i+ii)</b>	<b>14,894,599</b>	<b>28,132,405</b>	<b>14,904,779</b>	<b>28,163,573</b>
i. Kenya Government securities	14,894,599	28,132,405	14,904,779	28,163,573
ii. Other securities	-	-	-	-
6 Deposits and balances due from local banking institutions	1,838,642	1,936,693	1,838,642	1,936,693
7 Deposits and balances due from banking institutions abroad	621,500	131,527	621,500	131,527
8 Tax recoverable	479,924	463,362	486,345	459,476
9 Loans and advances to customers (net)	52,361,043	47,778,777	52,361,043	47,778,777
10 Balances due from banking institutions in the group	-	-	-	-
11 Investments in associates	334,134	366,822	334,134	366,822
12 Investments in subsidiary companies	19,963	19,963	-	-
13 Investments in joint ventures	-	-	-	-
14 Investment properties	-	-	-	-
15 Property and equipment	3,710,328	3,998,390	3,710,949	3,998,833
16 Prepaid lease rentals	-	-	-	-
17 Intangible assets	1,159,618	1,300,050	1,159,618	1,314,221
18 Deferred tax asset	1,862,181	2,289,527	1,862,363	2,290,168
19 Retirement benefit asset	-	-	-	-
20 Other assets	4,346,685	4,430,017	4,280,343	4,113,105
<b>21 TOTAL ASSETS</b>	<b>109,942,042</b>	<b>115,143,443</b>	<b>109,873,141</b>	<b>114,849,105</b>
<b>B LIABILITIES</b>				
22 Balances due to Central Bank of Kenya	-	-	-	-
23 Customer deposits	94,544,397	99,223,459	94,275,768	98,865,959
24 Deposits and balances due to local banking institutions	2,069,482	3,446,015	2,069,482	3,446,015
25 Deposits and balances due to foreign banking institutions	3,550,638	2,574,715	3,550,638	2,574,715
26 Other money market deposits	-	-	-	-
27 Borrowed funds	-	-	-	-
28 Balances due to banking institutions in the group	-	-	-	-
29 Tax payable	-	-	-	-
30 Dividends payable	24,446	24,315	24,446	24,315
31 Deferred tax liability	-	-	-	-
32 Retirement benefit liability	-	-	-	-
33 Other liabilities	2,705,542	2,939,221	2,718,899	2,965,246
<b>34 TOTAL LIABILITIES</b>	<b>102,894,505</b>	<b>108,207,725</b>	<b>102,639,233</b>	<b>107,876,250</b>
<b>C SHAREHOLDERS' FUNDS</b>				
35 Paid up /Assigned capital	7,368,906	7,368,906	7,368,906	7,368,906
36 Share premium/(discount)	-	-	-	-
37 Revaluation reserves	670,678	1,261,907	670,678	1,261,907
38 Retained earnings/Accumulated losses	(3,711,873)	(4,892,016)	(3,525,502)	(4,854,776)
39 Statutory loan loss reserves	2,852,654	3,333,324	2,852,654	3,333,324
40 Other Reserves	(132,828)	(136,403)	(132,828)	(136,506)
41 Proposed dividends	-	-	-	-
42 Capital grants	-	-	-	-
<b>43 TOTAL SHAREHOLDERS' FUNDS</b>	<b>7,047,537</b>	<b>6,935,718</b>	<b>7,233,908</b>	<b>6,972,855</b>
<b>44 TOTAL LIABILITIES &amp; SHAREHOLDERS' FUNDS</b>	<b>109,942,042</b>	<b>115,143,443</b>	<b>109,873,141</b>	<b>114,849,105</b>

II. STATEMENT OF COMPREHENSIVE INCOME For the period ended 31 December 2018	BANK 31-Dec-17 Shs'000 Audited	BANK 31-Dec-18 Shs'000 Audited	GROUP 31-Dec-17 Shs'000 Audited	GROUP 31-Dec-18 Shs'000 Audited
<b>1 Interest Income</b>				
1.1 Loans and advances	5,700,756	4,427,606	5,700,756	4,427,606
1.2 Government securities	4,164,096	4,431,954	4,164,277	4,432,457
1.3 Deposits and placements with banking institutions	97,462	52,829	97,462	52,829
1.4 Other Interest Income	-	-	-	-
<b>1.5 TOTAL INTEREST INCOME</b>	<b>9,962,314</b>	<b>8,912,389</b>	<b>9,962,495</b>	<b>8,912,892</b>
<b>2 Interest Expense</b>				
2.1 Customer deposits	2,941,176	2,589,995	2,924,384	2,565,274
2.2 Deposits and placements from banking institutions	313,189	319,688	313,189	319,688
2.3 Other interest expenses	-	-	-	-
<b>2.4 TOTAL INTEREST EXPENSES</b>	<b>3,254,365</b>	<b>2,909,683</b>	<b>3,237,573</b>	<b>2,884,962</b>
<b>3 NET INTEREST INCOME</b>	<b>6,707,949</b>	<b>6,002,706</b>	<b>6,724,922</b>	<b>6,027,930</b>
<b>4 Non-Interest Income</b>				
4.1 Fees and commissions on loans and advances	141,591	38,964	141,591	38,964
4.2 Other fees and commissions	1,236,806	1,147,540	1,293,871	1,190,202
4.3 Foreign exchange trading income (loss)	526,963	601,114	526,963	601,114
4.4 Dividend Income	1,806	162,867	1,806	1,367
4.5 Other Income	464,760	168,601	464,448	159,297
<b>4.6 TOTAL NON-INTEREST INCOME</b>	<b>2,371,926</b>	<b>2,119,086</b>	<b>2,428,679</b>	<b>1,990,944</b>
<b>5 TOTAL OPERATING INCOME</b>	<b>9,079,875</b>	<b>8,159,792</b>	<b>9,153,601</b>	<b>8,018,874</b>
<b>6 Other Operating Expenses</b>				
6.1 Loan loss provision	756,740	185,099	756,740	185,099
6.2 Staff costs	3,908,839	3,855,823	3,916,494	3,864,570
6.3 Directors' emoluments	55,635	28,535	55,635	28,535
6.4 Rental charges	394,986	443,186	394,986	443,714
6.5 Depreciation charge on property and equipment	565,520	549,430	565,759	549,616
6.6 Amortisation charges	539,854	475,506	539,854	475,506
6.7 Other operating expenses	2,117,928	1,999,711	2,139,051	2,018,483
<b>6.8 Total Operating Expenses</b>	<b>8,339,502</b>	<b>7,534,290</b>	<b>8,368,519</b>	<b>7,562,523</b>
<b>7 PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS</b>	<b>740,373</b>	<b>587,502</b>	<b>785,082</b>	<b>456,351</b>
8 Exceptional items	-	536,587	-	541,252
<b>9 Profit after exceptional items</b>	<b>740,373</b>	<b>50,915</b>	<b>785,082</b>	<b>(84,901)</b>
10 Current tax	(14,974)	(39,881)	(29,078)	(53,611)
11 Deferred tax	(345,403)	145,105	(345,221)	145,520
<b>12 Profit after tax and exceptional items</b>	<b>379,996</b>	<b>156,139</b>	<b>410,783</b>	<b>7,008</b>
<b>13 Other Comprehensive Income</b>				
13.1 Gains/(Losses) from translating the financial statements of foreign operations	-	-	-	-
13.2 Fair value changes in available for sale financial assets	(124,755)	(8,235)	(124,755)	(8,383)
13.3 Revaluation surplus on Property,plant and equipment	-	695,867	-	695,867
13.4 Share of other comprehensive income of associates	-	-	-	-
13.5 Income tax relating to components of other comprehensive income	37,427	(89,107)	37,427	(89,063)
<b>14 Other Comprehensive Income for the year net of tax</b>	<b>(87,328)</b>	<b>598,525</b>	<b>(87,328)</b>	<b>598,421</b>
<b>15 TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>292,668</b>	<b>754,664</b>	<b>323,456</b>	<b>605,429</b>

III. OTHER DISCLOSURES	BANK 31-Dec-17 Shs'000 Audited	BANK 30-Dec-18 Shs'000 Audited
<b>1 Non-performing loans and advances</b>		
a Gross non-performing loans and advances	27,657,893	31,461,391
b Less: Interest in suspense	3,779,813	4,468,241
<b>c Total Non-performing loans and advances (a-b)</b>	<b>23,878,080</b>	<b>26,993,150</b>
d Less: Loan loss Provisions	12,011,898	13,875,802
<b>e Net NPLs exposure (c-d)</b>	<b>11,866,182</b>	<b>13,117,347</b>
f Discounted Value of Securities	11,866,182	12,148,568
<b>g Net NPLs exposure (e-f)</b>	<b>-</b>	<b>968,779</b>
<b>2 Insider loans and Advances</b>		
a Directors, Shareholders and associates	19,151	39,144
b Employees	4,728,314	5,155,000
<b>c Total insider loans, advances and other facilities</b>	<b>4,747,465</b>	<b>5,194,144</b>
<b>3 Off-Balance sheet items</b>		
a Letters of credit, guarantees and acceptances	7,237,833	5,285,441
b Forwards, swaps and options	178,779	357,391
c Other contingent liabilities	-	-
<b>d Total contingent liabilities</b>	<b>7,416,612</b>	<b>5,642,833</b>
<b>4 Capital Strength</b>		
<b>a Core capital</b>	<b>3,503,284</b>	<b>2,091,915</b>
b Minimum Statutory Capital	1,000,000	1,000,000
c Excess/(Deficiency) (a-b)	2,503,284	1,091,915
<b>d Supplementary capital</b>	<b>1,267,641</b>	<b>1,327,239</b>
e Total capital (a+d)	<b>4,770,925</b>	<b>3,419,154</b>
f Total risk weighted assets	<b>87,997,708</b>	<b>92,765,531</b>
<b>g Core capital/total deposit liabilities</b>	<b>3.7%</b>	<b>2.1%</b>
h Minimum Statutory Ratio	8.0%	8.0%
i Excess/(Deficiency) (g-h)	-4.3%	-5.9%
<b>j Core capital/total risk weighted assets</b>	<b>4.0%</b>	<b>2.3%</b>
k Minimum Statutory Ratio	10.5%	10.5%
l Excess/(Deficiency) (j-k)	-6.5%	-8.2%
<b>m Total capital/total risk weighted assets</b>	<b>5.4%</b>	<b>3.7%</b>
n Minimum Statutory Ratio	14.5%	14.5%
o Excess/(Deficiency) (m-n)	-9.1%	-10.8%
<b>p Adjusted core capital/total deposit liabilities*</b>		<b>2.8%</b>
<b>q Adjusted core capital/total risk weighted assets*</b>		<b>3.1%</b>
<b>r Adjusted total capital/total risk weighted assets*</b>		<b>4.5%</b>
<b>5 Liquidity</b>		
<b>a Liquidity Ratio</b>	<b>36.3%</b>	<b>43.1%</b>
b Minimum Statutory Ratio	20.0%	20.0%
c Excess/(Deficiency) (a-b)	16.3%	23.1%

#### NOTES

\*The adjusted capital ratios includes the expected credit loss provisions added back to capital in line with the CBK guidance note issued in April 2018 on implementation of IFRS 9.

The above are extracts from the Group's financial statements. The Group's financial statements includes those of subsidiaries namely; Natbank Trustee & Investment services Limited and National Bank Insurance Agency. The financial statements were audited by PricewaterhouseCoopers and received an unqualified opinion.

In March 2018, the principal shareholders gave formal commitment for a comprehensive capital solution. The board notes that this process is on-going.

#### 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 will be held on Friday, 24<sup>th</sup> May 2019. The venue will be advised later.

#### 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 28<sup>th</sup> 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  
H. Waswani - Company Secretary

The complete set of financial statements, statutory and qualitative disclosures can be accessed on the Bank's website [www.nationalbank.co.ke](http://www.nationalbank.co.ke).

They may also be accessed at the Bank's registered office listed hereunder.

#### REGISTERED OFFICE

National Bank Building,  
18 Harambee Avenue, Nairobi.  
P.O. BOX 72866, 00200, Nairobi.  
Telephone: 2828000, 0711038000, 0732018000  
Fax : 311444  
E-Mail : [info@nationalbank.co.ke](mailto:info@nationalbank.co.ke)  
Website : [www.nationalbank.co.ke](http://www.nationalbank.co.ke)



**National Business Club**  
Our business to assist commitment

**Taking your business to the next level.**

The National Bank Business Club gives you the opportunity to connect with businesses and industries that could be mutually rewarding.

The Club could be your connection point with greater growth and prosperity.

For more information please contact  
Tel: +254 703 088 900 | +254 (020) 282 8900  
[www.nationalbank.co.ke](http://www.nationalbank.co.ke)

National Bank of Kenya National\_Bank Nationalbank\_ke