

National Bank of Kenya Limited Summary Audited Group and Bank Financial Statements for the year ended 31 December 2015

SUMMARY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	GROUP		BANK	
	2014 Sh'000	2015 Sh'000	2014 Sh'000	2015 Sh'000
ASSETS				
Cash and balances with Central Bank of Kenya	17,195,213	16,438,119	16,965,482	16,119,714
Deposits and balances due from banking institutions	2,033,662	4,257,046	2,033,662	4,257,046
Government securities	30,091,040	27,083,464	30,091,040	27,083,464
Loans and advances to customers (net)	65,641,491	67,803,990	65,641,491	67,803,990
Other assets	2,000,651	3,029,303	1,898,187	3,029,164
Other investments	168,305	231,647	168,305	231,647
Due from a subsidiary company	-	-	98,845	169,991
Tax recoverable	423,518	505,652	431,696	510,846
Deferred tax asset	-	483,299	-	482,668
Investment in subsidiary companies	19,963	19,963	19,963	19,963
Property and equipment	4,551,542	4,188,468	4,550,257	4,187,457
Operating lease prepayments	419	-	419	-
Intangible assets	966,192	1,399,365	965,539	1,399,085
TOTAL ASSETS	123,091,996	125,440,316	122,864,886	125,295,035
LIABILITIES				
Customer deposits	104,733,709	110,622,469	104,733,709	110,622,469
Deposits and balances due to banking institutions	5,077,625	2,343,245	5,077,625	2,343,245
Other liabilities	971,351	1,369,251	854,119	1,363,897
Due to a subsidiary company	21,976	21,976	21,976	21,976
Unclaimed dividends	38,085	29,826	38,085	29,826
Deferred tax liability	25,227	-	25,460	-
TOTAL LIABILITIES	110,867,973	114,386,767	110,750,974	114,381,413
CAPITAL RESOURCES				
Share capital	7,075,000	7,214,976	7,075,000	7,214,976
Revaluation surplus	1,188,147	509,752	1,188,147	509,752
Revenue reserve	3,378,423	2,709,414	3,268,312	2,569,487
Statutory reserve	565,456	619,407	565,456	619,407
Other reserve	16,997	-	16,997	-
SHAREHOLDERS' FUNDS	12,224,023	11,053,549	12,113,912	10,913,622
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	123,091,996	125,440,316	122,864,886	125,295,035

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital Sh' 000	Property revaluation surplus Sh' 000	Retained earnings Sh' 000	Statutory reserve Sh' 000	Fair value reserve Sh' 000	Total Sh' 000
At 1 January 2014	7,075,000	1,201,022	3,277,535	334,842	-	11,888,399
Total comprehensive income for the year	-	-	870,702	-	16,997	887,699
Transfer of excess depreciation	-	(18,393)	18,393	-	-	-
Deferred tax on excess depreciation	-	5,518	(5,518)	-	-	-
Transfer to statutory reserve	-	-	(230,614)	230,614	-	-
Dividends declared - year 2013	-	-	(552,075)	-	-	(552,075)
At 31 December 2014	7,075,000	1,188,147	3,378,423	565,456	16,997	12,224,023
At 1 January 2015	7,075,000	1,188,147	3,378,423	565,456	16,997	12,224,023
Total comprehensive income for the year	-	-	(1,153,477)	-	(16,997)	(1,170,474)
Realized revaluation reserve on sale of property	-	(668,546)	668,546	-	-	-
Bonus shares issued	139,976	-	(139,976)	-	-	-
Transfer of excess depreciation	-	(14,070)	14,070	-	-	-
Deferred tax on excess depreciation	-	4,221	(4,221)	-	-	-
Transfer to statutory reserve	-	-	(53,951)	53,951	-	-
At 31 December 2015	7,214,976	509,752	2,709,414	619,407	-	11,053,549

SUMMARY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	GROUP		BANK	
	2014 Sh'000	2015 Sh'000	2014 Sh'000	2015 Sh'000
Net Interest Income	6,797,451	6,397,539	6,789,879	6,381,357
Non funded Income	3,136,743	3,157,554	3,003,946	3,083,032
Operating income	9,934,194	9,555,093	9,793,825	9,464,389
Operating expenses	(6,977,202)	(7,473,950)	(6,936,638)	(7,429,658)
Operating profit before impairment losses and taxation	2,956,992	2,081,143	2,857,187	2,034,731
Impairment losses on loans and advances	(525,307)	(3,719,128)	(525,307)	(3,719,128)
Operating profit/(loss)	2,431,685	(1,637,985)	2,331,880	(1,684,397)
Restructuring costs	(1,128,554)	-	(1,128,554)	-
Profit/(loss) before taxation	1,303,131	(1,637,985)	1,203,326	(1,684,397)
Taxation (charge)/credit	(432,429)	484,508	(402,628)	501,104
Profit/(loss) for the year	870,702	(1,153,477)	800,698	(1,183,293)
Other comprehensive income for the year	16,997	(16,997)	16,997	(16,997)
Total comprehensive income/(loss) for the year	887,699	(1,170,474)	817,695	(1,200,290)
Earnings per share - basic & diluted	Sh 2.91	Sh (3.86)	Sh 2.67	Sh (3.96)

SUMMARY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

	GROUP		BANK	
	2014 Sh'000	2015 Sh'000	2014 Sh'000	2015 Sh'000
Net cash (used in)/generated from operating activities	(2,213,578)	4,420,398	(2,336,654)	4,331,713
Net cash used in investing activities	(1,298,904)	(1,077,262)	(1,297,828)	(1,077,251)
Net cash used in financing activities	(545,060)	(8,259)	(545,060)	(8,259)
(Decrease)/increase in cash and cash equivalents	(4,057,542)	3,334,877	(4,179,542)	3,246,203
Cash and cash equivalents at 1 January	12,759,126	8,701,584	12,651,395	8,471,853
Cash and cash equivalents at 31 December	8,701,584	12,036,461	8,471,853	11,718,056

APPROVAL

The audited financial statements were approved by the Board of Directors on 29 March 2015 and signed on its behalf by:

M.A. Hassan - Chairman
W. Musau - Ag. Managing Director & CEO
H. Waswani - Company Secretary

A full copy of the Group financial statements including explanatory notes will be available from our website www.nationalbank.co.ke/investor-relations/ after 11 May 2016.

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

The accompanying summary of the Group financial statements of National Bank of Kenya Limited and its subsidiaries, which comprise the summary consolidated and bank statements of financial position as at 31 December 2015, and the summary consolidated and bank statements of profit or loss and other comprehensive income, summary consolidated and bank statements of changes in equity and summary consolidated and bank statements of cash flows for the year then ended, are derived from the audited financial statements of National Bank of Kenya Limited for the year ended 31 December 2015. We expressed an unmodified opinion on those financial statements in our report dated 31 March 2016. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards and in a manner required by the Kenyan Companies Act, applied in the preparation of the audited financial statements of National Bank of Kenya Limited. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the Group.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of a summary of the audited financial statements of the Group and Bank.

Auditors' Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to report on Summary financial statements".

Opinion

In our opinion, the summary financial statements derived from the audited financial statements of National Bank of Kenya Limited and its subsidiaries for the year ended 31 December 2015 are consistent, in all material respects, with those financial statements.

The engagement partner responsible for the audit resulting in this independent auditors' report is CPA F Okwiri - P/No 1699.

Deloitte & Touche

Certified Public Accountants (Kenya)
Nairobi, Kenya

28 April 2016

NOTICE IS HEREBY GIVEN that the Forty Seventh Annual General Meeting of the Shareholders of National Bank of Kenya Limited (the "Company") will be held at the Amphitheatre of the Kenyatta International Conference Centre, Harambee Avenue, Nairobi on Friday, 3 June 2016 at 10.00 a.m. to transact the following business:-

- To read the Notice convening the Meeting.
- To receive, consider and adopt the Company's audited financial statements for the year ended 31 December 2015 together with the Directors' and Auditors' reports thereon.
- To note that the Directors do not recommend payment of dividend to shareholders for the year ended 31 December 2015.
- To elect Directors:-
 - In accordance with Article 90 of the Company's Articles of Association, The Managing Trustee, National Social Security Fund retires by rotation as a Director and being eligible offers himself for re-election.
 - In accordance with Article 90 of the Company's Articles of Association, Mr. Francis L. Atwoli retires by rotation as Director and being eligible offers himself for re-election.
 - Ms. Bertha Joseph Dena having been appointed by the Board as an additional Director in accordance with Article 97 of the Company's Articles of Association subject to receipt of regulatory approvals, retires and being eligible offers herself for re-election as a Director of the Company.
- To note and authorise payment of Directors' fees.
- To appoint the Company's Auditors, M/s. Deloitte & Touche, in accordance with Section 159(2) of the Companies Act (Cap.486) and Section 24(1) of the Banking Act (Cap.488). M/s. Deloitte & Touche have indicated their willingness to continue in office.
- To note the Auditors' remuneration for the year 2015 and authorise the Directors to fix the Auditors' remuneration for the year 2016.
- To transact any other business of the Annual General Meeting in respect of which notice has been given.

SPECIAL BUSINESS: - To pass the following resolution as a special resolution:

- That the Directors be and are hereby authorized to exercise powers and options of the Company towards raising additional capital and obtain all the required consents and authorizations from regulators in that regard subject to the provisions of the Articles of Association of the Company and all relevant laws.

By Order of the Board,

Habil A. Waswani
Company Secretary

31 March 2016

Notes:

- A member entitled to attend and vote at the above meeting may appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the Company.
- In the case of a member being a limited liability company or corporate body, the form must be completed under its Common Seal or under the hand of an officer or attorney duly authorised in writing.
- The Proxy Form shall be available at the Bank's website www.nationalbank.co.ke, or, the offices of the Company's Share Registrars - Image Registrars Limited, 5th Floor, Barclays Plaza, Loita Street, P.O. Box 9287-00100, Nairobi.
- Shareholders who will not be able to attend the Annual General Meeting are requested to complete the proxy form and return:-
 - by hand or email to Image Registrars Limited, 5th Floor, Barclays Plaza, Loita Street, P.O. Box 9287-00100, Nairobi, email: info@image.co.ke, or
 - by hand to the Registered Office of the Company.
- Proxies must be received not less than 48 hours before the meeting i.e. not later than 5.00 p.m. on Tuesday 31 May 2016.
- In accordance with Article 125 of the Company's Articles of Association a copy of the Audited Financial Statements may be viewed on and obtained from the Company's website www.nationalbank.co.ke or from the Registered Office of the Company. An abridged set of the audited Balance Sheet, Income Statement, Statement of Changes in Equity and Cashflow Statements for year ended 31st December 2015 have been published in two daily newspapers with nationwide circulation.
- Registration of Members and proxies attending the Annual General Meeting will commence at 7:00 a.m. and will close at 10:00 a.m. Production of a National Identification Card, Passport or other acceptable means of identification and the Member's share certificate or current Central Depository Statement of account for their shares in the Company will be required.